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China Report

ECONOMIC AFFAIRS

No. 75

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CALL FOR REDUCTION OF STEEL INVENTORY

Beijing GONGREN RIBAO in Chinese 5 Jun 80 p 2

[Article by Kang Chunfang [1660 2504 5364]: "Market Readjustment and Reduction of Steel Inventory"]

[Text] For a long time, steel has been seen as a production material rather than a commodity, consequently in the areas of circulation only the state plan makes allocations for this channel, creating serious blockages and piling up ever greater stocks of steel while many places had unfilled needs. According to statistics from the concerned departments, at the end of the first quarter of this year steel exceeded the normal turnover requirements by over four million dun, and of this even a portion was shortline, thus using up several hundred million yuan of circulating funds. If effective measures are not immediately taken against such disregard of economic results, steel stocks will continue to increase and become a serious problem in our economic work.

The prime reason for having both shortages and excessive supplies of steel is found in the lack of market adjustments in the planned allocations, so that in all areas and on all levels everyone establishes stocks. The Shenyang Municipal Central Responsible Department and the provincial and municipal supply organs alone have 80-some stocks. Moreover, the steel plants' supply cycle is as long as six months, so that materials planning and planning for production building are not coordinated. The enterprises are not even sure what they will produce the next year but must make advance orders on the steel they will need. Therefore, some enterprises can only put in a false report on their needs and maintain large stocks to guarantee their own needs. This method has created both shortages and overstocking, what goes in does not come out, and the materials reach a dead end. At the end of the first quarter of this year stocks of short line steel increased by over 500,00 dun. Eighty percent of the total amount of steel in stockpiles is scattered among the supply organs of the enterprises and the responsible departments, creating severe obstacles in the flow linkage.

Moreover, in steel production, because of the plants' small capacity and incomplete rolling mills there is little room to make adjustments in the product variety, so that the greater portion of steel production is not suitable and cannot satisfy the needs on building for production. Therefore, considerable amounts of steel must be imported each year. Because orders for imported steel must be placed in advance and because planning comes later, some imports go into storage. This also is a major reason for the creation of steel stockpiles. It explains how steel stockpiles impinge upon the many aspects of planning management, economic management, materials management and enterprise management; however, the most basic factor is that our present management system is moribund and inactive in the area of circulation.

The totality of social production and the people's needs are multi-faceted, mixed and complex, but are totally lacking in planned allocations, without market place business, and with many flaws. For example, if an enterprise carries out a reform and expansion of production capacity but the necessary steel is not in the planned quota they must run around to seek it and even might have to use underhanded methods to get it. The broad peasants also worry about the lack of steel, wire and nails build houses. The industrial enterprises in the nation's 270,000 collectives and the over 1.5 million brigade enterprises have but little steel distribution and some are not even in the distribution channels and often "must search far and wide for it." This clearly explains the objective need for market adjustments in steel circulation. If planned distribution and market adjustments can be unified then the stockpiled steel resources can quickly be used for building of production.

Materials must circulate, much the same as blood must circulate throughout the body. A channel can only have planned adjustments, just as the human body has a "pulse," and the lack of a few tiny blood vessesl can affect normal blood supply. In the past year or so, a few places undertook realistic steps to operate according to economic laws and smashed the old restrictions which kept production materials from entering the marketplace. They held a production materials exchange market which opened wide the supply of steel by making a new attempt to solve the problem of overstocks. The masses agree that making adjustments enlivened materials supply by adding new "blood vessels;" and remedying the "congenital shortage of blood vessels" in market adjustments. This experience provides a "magic elixir" for making a permanent cure of the disease of overstock and ought to be introduced on a broad basis.

Steel overstocks should be placed on the market by utilizing all channels such as sales meetings, allocations meetings, retail departments, the commercial network of the metals, communication and electrical corporations, the supply and marketing systems of the sundry stores, trade goods lines and basic supply and marketing cooperations. Local supply markets should be organized promptly to use all possible methods to sell steel stocks and, all the while, economic methods should be used to encourage reduced stockpiling. This not only will be of major significance in developing the urban and rural economy and satisfying the people's livelihood requirements but also will open paths for reforming the system of circulation and permit the materials department to gradually become the "Second Ministry of Commerce." In carrying out adjustments in the steel market, there is one problem that must be properly solved, and that is that in placing steel stocks on the market there must be a balance of the "long" and "short" lines to make it effective. It must be noted that throughout the whole country the shortest line is in small-scale materials and wire rod, for which there is but a three or four month supply in stock. Therefore, only if all enterprises become totally involved by releasing even the short lines for mutual allocation can both the supplier remain unaffected and the turnover accelerated. Everyone can work at their livelihood and steel stocks can be reduced.

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CSO: 4006

GOVERNMENT ACTION TO REDUCE STEEL PRODUCTS IN STOCK

Editorial Comment

Beijing GONGREN RIBAO in Chinese 18 Jun 80 pp 1, 2

[Editorial: Promote Commodity Circulation, Reduce Steel Product Stocking"]

[Text] For a long time, commodity economy has not been accepted as socialist economy and the means of production has not been recognized as commodities; therefore, little attention is paid to the study of circulation, resulting in the over-stocking of the means of production and the tying down of huge circulating funds. Over-stocking steel products is one of the outstanding examples. At present, nearly 20 million tons of steel products are stockpiled throughout the country and the stock is still continuing to increase. Yet the need for many varieties of steel products by the production and construction as well as the cities and the countryside cannot be fully met. This has become a serious problem in the economic life of our country.

Recently, the departments concerned have issued a notice "On Measures for the Reduction of the Stock of Steel Products" calling on all enterprises to explain to their workers and staff members the great significance of reducing the stock of steel products and mobilizing the masses to supervise this task. All workers and staff members should pay attention to this task and actively help and supervise the leadership in doing it well.

In a country like ours with a population of a billion and its deficiency in steel, steel products cannot be abundant, and the supply is always insufficient to meet the demand. Why does the stock continue to accumulate? There are many causes as we understand. In production, because of incomplete equipment for the rolling mill and some other factors such as the system of production and pricing, quite a large portion of the products are unwanted. In distribution, there is a lack of coordination between supply and demand, because the order for goods is usually received prior to the planning for production. Because of the lack of coordination, incoming goods become stagnant as soon as they are received. But what we should particularly note is the problem of circulation. For a long time, steel products have been regarded as means of production instead of commodities, and government allocation provides the only channel of their circulation. For this reason, warehouses are built in every trade and at every level, and every unit has to enlarge its stock so as to be sure that it will not run out of stock. Thus the more some goods are in short supply, the more are they hoarded up, with the result that there are only incoming, but not outgoing, goods. The stagnation of goods chokes up the whole system of circulation.

For more than 1 year, some localities have seriously considered the realities and acted according to economic laws. Proceeding from planned readjustment, they have held exchange fairs for the means of production and offered their supplies by opening their warehouses wide. The superiority of this new phenomenon has been obvious from the very start. First, it supplements planned distribution to a certain extent. For example, some units are hoarding up a huge amount of certain steel products, while other units are searching everywhere in vain for them. Market regulation therefore provides a "bridge" for these enterprises so that materials can be fully utilized. Secondly, it helps speed up the circulation and raise the utilization rate of funds. Thirdly, it brings about a close relationship between production and demand and keeps the enterprises informed of the market conditions, so that they can increase the production of what is in demand in the market and overcome or avoid the practice of producing blinkly which may result in overstocking and waste. Fourthly, it opens a new avenue for the collectively owned enterprises to obtain their materials and thus strongly supports the growth of collective economy. As the masses said, market regulation has added new "blood vessels" to the circulation system of goods as a supplement to planned regulation which may be "inadequate in its function because of premature birth." From this, we can see that under the guidance of state planning, full development of the regulatory role of the market is the most practical and expeditious way of using steel products for production and construction by remvoing the obstacles to and reducing the links of circulation.

Judging from the practical experiences in various localities, we can see that in promoting material circulation and widening the channels for marketing as a means of reducing over-stocked steel products, we must discard the "four barriers" and oppose departmentalism.

First, we must discard the traditional idea that the means of production are not commodities and therefore cannot be sold in the open market. Although the means of production are different from the means of consumption in the way they are used, they are both commodities. There is an inseparable relationship between the means of production and the market, and the marketing of the means of production is an objective requirement of large-scale socialized production for the promotion of circulation. Therefore, the material departments should develop the role of commercial enterprises dealing in the means of production, set up and perfect a supply network; organize large numbers of trade fairs, adjustment meetings, service teams and retail stores; adopt the system of operating joint enterprises, and make every possible effort to sell the over-stocked steel products through such channels as the hardware and electrical appliance companies of the commercial system, sundry goods stores of the supply and marketing system, trade warehouses and basic level supply and marketing cooperatives. Supply services should also be set up in local or nearby markets.

Secondly, we must discard the regional and trade barriers. In the past, there were various systems for the planned distribution and supply of materials as prescribed by regional and trade barriers, resulting in serious "self-imposed restrictions." Units of different regions or trades can "never see one another face to face," and it was hard to adjust the difference between surplus and deficit. Hereafter, the products to be sold in the open market are not subjected to any regional or trade restriction so that the difference between surplus and deficit can be adjusted and the contradiction arising from the discrepancy between supply and demand in different regions and trades can be resolved.

Thirdly, we must break the barriers between the urban and rural areas and the system of collective ownership. The collectively owned industrial enterprises and commune- and production brigade-run enterprises could get only very little or practically no steel products according to the way of distribution in the past. These barriers were removed through the practice of market regulation which leaves the doors of warehouses wide open. Priority supply is now given for the development of light, textile and handicraft industries; the tapping of potentials of old enterprises and the renovation and transformation of their equipment, and the development of collective undertakings.

Fourthly, we must break the barrier to price adjustments. The lowering or adjustment of prices for over-stocked steel products will be permitted and there will be no more restrictions of government-set prices. Many people fear that this will bring losses. It is true that certain loss will result from the lowering of prices for over-stocked steel products or from their being remodeled. However, if we will consider the free circulation of billions of yuan, which will otherwise remain stagnant, and the manufacturing of the over-stocked materials into finished products, the economic benefits will certainly far outweigh the losses suffered from lowered prices or from expenses incurred in having the products remodeled.

In the marketing of over-stocked steel products, we must take an overall view of the situation and oppose departmentalism on the part of those who sell only the goods--which are in full or excessive supply--in the manner of getting rid of some "encumbrance" while whatever is in short supply will be hoarded up even though they have no use for them. We must be aware that the present amount of goods in stock is quite large, and that even the cables and other small items, which are in the shortest supply, are still kept in the warehouses for 3 or 4 months. Therefore, as long as every enterprise will bear in mind the overall situation and let go their "short line" products, its business will not be adversely affected. On the contrary, the goods will be circulated more rapidly and business will be brisk. So why should any enterprise hesitate about it!

The reduction of the stock of steel products for full utilization will benefit not only the economic construction of the entire country, but also the enterprises themselves and their workers and staff members. Of the total amount of steel products in stock throughout the country, 97 percent are distributed among the supply organizations of the enterprises and the departments in charge. Therefore, the heavy responsibility for such a reduction will mostly rest with the broad masses of workers and staff members of various departments and enterprises. All enterprises should explain to their workers and staff members on the significance of reducing their stocks and fully arouse them to do some economic accounting in order to expedite the turnover of funds, lower the production costs and increase their profits. This should benefit the state, the enterprises and the individuals. On the other hand, if the steel products are overstocked, the enterprise concerned will be required to pay 30 percent interest for the loans incurred by the overstocking, in addition to the normal monthly interest of 4.2 percent. The penalty on the enterprise will naturally affect the immediate benefits of the workers and staff members. Along with the consolidation of enterprise management, each worker and staff member should pay attention to this task and show the keen sense of responsibility befitting him as the master of the enterprise. They should assist and supervise the leadership at various levels in checking the variation and in sending the surplus steel products to the market in order to make the task of reducing the stock of steel products a success.

It must be pointed out that for promoting circulation and reducing the stock of steel products, the comrades of the Party Central Committee and the State Council have already issued important directives and there have been urgent requests from the broad masses of workers and staff members. Some regions and departments too have set their examples. Therefore, as long as the leadership at various levels will seriously mobilize the masses and cooperate with them, this task will certainly be accomplished.

Article on Joint 'Notice'

Beijing GONGREN RIBAO in Chinese 18 Jun 80 p 1

[Article by GONGREN RIBAO correspondent: "'Notice' Jointly Issued by the State Economic Commission, the State General Price Bureau, the State General Material Bureau and the Ministry of Finance Requesting Various Departments to Firmly Grasp the Task of Reducing the Stock of Steel Products--the 'Notice' Demands Resolute Action in Moving 4 Million Tons of Steel Products Out of Warehouses to the Market and in Organizing Supply Service in the Vicinity"]

[Text] The State Economic Commission, the State General Material Bureau, the State General Price Bureau and the Ministry of Finance recently issued a joint Notice "On Measures for Reducing the Stock of Steel Products."

The "Notice" pointed out: In the past several years, the stock of steel products in our country has continued to increase, and by the end of the first quarter of 1980, the stock level of these products exceeded the normal turnover amount by more than 4 million tons and tied up circulating funds in billions of yuan. Yet the requirements of many production and construction units and the markets in the urban and rural area for some varieties of steel products cannot be met. This has now become a serious problem in our economic life.

The measures put forward by the "Notice" for reducing the stock of steel products are as follows:

Resolute action should be taken for 4 million tons of steel products to be moved out of warehouses into the market, and supply services should be set up in the local or nearby markets through various channels. The steel products moved out of warehouses into the market should include goods in both excessive and short supplies to facilitate selection by the consumers. To help the units concerned in releasing their steel products which are in short supply, supply tickets will be issued and people can obtain these products at any time upon presentation of these tickets. The steel products which have thus found their way into the market will be first used in the machinery industry, the second light industrial departments and the countryside, and also for other urgent needs such as energy conservation, the tapping of potentials among the existing enterprises and the renovation and transformation of their equipment.

Along with the consolidation of enterprise management, the material supply units of various departments and localities and the production and construction enterprises should take an accurate inventory of their warehouses, verify their needs for steel products, and determine a realistic and rational stock level for themselves in order to promote the circulation of funds. It is particularly important that those over-stocked steel products which have remained stagnant for many years should be released for circulation. The enterprises for the supply and marketing of materials and the production enterprises that have held up the circulation of funds through over-stocking will have to pay a 30 percent in addition to the 4.2 percent interest on the loans incurred by the over-stocking.

Reduction of stock should be encouraged by economic means. The material departments which have tocked large amounts of steel products in full or excessive supply should open wide their warehouses for the products to be released regardless of distribution indices and without the 2.5 percent handling charge. The steel products which are over-stocked can be sold at reduced or adjusted prices as permitted by individual circumstances.

the remodeling of steel products in excessive supply should be actively encouraged, and the products to be remodeled can be sold at a 15 percent discount. A large discount can be allowed according to the amount of work involved in further processing and remodeling, and subject to approval by the price department at the same level. Steel products having corroded to such a serious extent that the determination of steel grade is no longer possible, can be disposed of as low grade material and the price will be reduced accordingly. If actually unfit for use, they can be written off and melted down for smelting.

The metallurgical departments should insure the fulfillment of the state plan for steel product distribution, and organize production according to the requirements specified in the order form with respect to varieties and specifications. They should also strictly control the production of goods already in full or excessive supply, and at the same time try every way to increase the production of small products, cables, thin plates welded pipes and so forth, that are suitable for the market. In ordering steel products this year, every effort should be made to utilize the goods in stock. If there is not enough in stock, arrangements can be made with the steel plants for production. Hereafter, the key enterprises which have increased the output of steel products in short supply cannot sell these products directly. Instead, they should turn over these products to the state for unified distribution. If steel products are to be produced by the local enterprises to offset the short supply, the General Material Bureau should consult the local authorities with a view to adjusting the varieties.

The "Notice" also provides specific rules for the adjustment of prices of steel products and the encouragement for their production in meeting market demands.

The "Notice" calls on all departments and units to attend to the task of reducing the stock of steel products conscientiously in order to produce good results. All enterprises are urged to explain clearly to the workers and staff members on the significance of reducing the stock of steel products, and to mobilize the masses to supervise this task.

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NEGLECT OF ECONOMIC RESULTS CRITICISED

Beijing BEIJING RIBAO in Chinese 9 Jun 80 p 3

[Article by Liu Rongcang [0491 3310 3318]: "Why the Long-term Neglect of Economic Results?"]

[Text] The problem of economic results is also a relative problem between labor results and the costs of living labor and embodied labor. These are some of the common concerns shared by people in all civilized societies.

However, in the 30 years since the founding of the state, our socialist construction has long neglected economic results and this has adversely affected development of a socialist economy and improvement of the people's livelihood. For example: Fo many years now, because there was no concern for economic results in capital construction investment the greater portion of the construction capital produced and saved by the broad masses through bitter struggle, conserving cloth and reducing food consumption has been wasted everywhere on projects reported as failures, projects discontinued halfway, "marathon" projects, projects which do not work upon completion, and projects which cannot achieve normal production. These not only waste capital but cause expensive delays in construction of the national economy. Production has fared much the same, with a low labor productivity rate, great waste of energy resources and of primary and secondary materials, enforced idleness, waste of material and capital, continued production of unsalable products and accumulation of huge surpluses. Such phenomena are all too common. Additional severe waste occured in attempts to learn from foreign sources. In many construction projects, inattention to the proper application of advanced technology resulted in great blindness in the importation of foreign technology.

Of course, many factors contributed to the above-mentioned conditions, nonetheless, I believe that overall the major factors are as follows:

(1) The major factor is the influence of the natural economic ideology of self-sufficiency, which lacks a concept of value and which does not place importance on the law of value. In China the prolonged period of feudal society resulted in the widespread influence of natural economic ideology. Within the natural economy of the small independent cultivator the concept of labor costs is not understood. They always looked upon currency expenditure as a cost and looked upon their own labor as valueless. Therefore the ideological influences of the natural economy were, on the one hand, to seek the "small and complete, large and complete" found in self-sufficiency, and, on the other hand, the negation of a commercial economy, the negation of socialized production, a disinclination to cooperate, a disinclination to exchange, the lack of a concept of value, a and neglect of the role of the law of value. In Ghina there indeed were many economists who were unwilling to admit that a commercial economy existed under a socialist system, were unwilling to have commercial exchanges within the system of ownership by the people, and were especially unwilling to see any competition bewween socialist enterprises. In the area of production they concentrated on output value and on speed, but neglected to calculate costs, ignored economic accounting and disregarded product quality and product variety. In terms of circulation they disapproved of equal value exchanges, paid no attention to market requirements, neglected production and marketing, and so on. All of these are the result of the lack of the concept of value which was caused by the non-development of commerce based on currency relationships and by the influences of natural economic ideology. They do not understand that value and the laws of value function as adjustments and controls not only in capitalist societies, but that even in a socialist economy with primarily planned adjustments, value and the laws of value have a major role in making adjustments. As Marx once pointed out: "After the capitalist mode of production has been destroyed and while social production still exists, value determinants will continue to play a controlling function with the following significance: A distribution based on an adjustment between the amount of labor and the social labor for all other types of production, and, in the end, the accounts concerning this will be more important than any other previous accounts." ("On Capitalism," 1975 edition Vol 3, p 963) Regard for the concept of value is also regard for the amount of time spent in labor and regard for economic results. Conversely, the lack of a concept of value and disregard for the function of the laws of value must necessarily lead to non-calculation of economic results and create huge waste.

(2) The second is connected to the first and is the mistake in the work of directing the economy of neglecting to manage things according to objective economic laws and the existence of a subjective do-as-you-please attitude and the "will is all theory."

There are many manifestations of this. For example: In the distribution of production forces in the economic structure the factor of technologically economic results is not given preference in the decision process, often subjective wishes or a single comment from some leading person are used instead of the objective demands of economic laws or economic development, with a resulting long-term loss of balance in the proportional relationship in all departments. In terms of the system of economic management, this is manifested by excessive administrative interference. Economic management is carried out through the planned commandism from upper to lower levels or by administrative methods. This severs the internal relationships of the ecomomic process and prevents the organic unity of benefits for the state, collective and individual. The enterprises lack the economic power to develop production and carry out strict economic accounting, they cannot fulfill any economic or material responsibilities, they become a pure production machine "waiting on, depending on, and needing" the upper level and "unconcerned" about the lower level, so that no one is concerned about or responsible for the problem of economic results.

(3) Other major reasons why China has long had negative economic results are an imprecise direction in economic planning and repeated changes in economic policy. For the past 30 years there have been ups and downs in economic construction, causing incalculable waste. This is especially true of short-term planning, which frequently undergoes changes and always leaves some bureau or department or some economic activity deeply mired in confusion or even collapse of semi-collapse. Related to this is the frequent change of economic policy, which confuses ideology, makes obstacles for the formulation of long-range plans and also leaves the leading economic departments and the basic production units without any viable paths to follow. The people often say "Don't worry about being slow, just worry about constant changes," refering to just such conditions. Experience proves that maintaining relative stability in planning and in economic policy is an important guarantee of obtaining good economic results.

(4) Because of the various factors mentioned above, China has not yet established a scientific system of checking economic results and strict measures for supervision. Up till now, our production and construction units have not had a clear scope of economic responsibilities, have lacked the wherewithall to investigate their economic and legal duties, and have suffered an even greater lack of responsive economic legislation and ways to carry out sanctions. Even though there are people concerned about the problem of economic results, if these measures are not taken, it all becomes empty talk.

China is still a poor country, the economic level is still relatively low, and while there is a serious shortage of capital and the level of technology remains low, the problem of economic results, which is the problem of accomplishing the most with the least expenditure, can be called the key focus in accelerating the speed of developing a socialist economy and realizing the great goals of the four modernizations. There is no time to be lost in summing up the experiences and lessons of history to sincerely solve and correct the long neglect of economic results and the many ills resulting therefrom. We hope that in the process of implementing the Party Central's four point policy each leadership level will give serious consideration to the problem of economic results and cause our economic construction to press on at an even greater speed.

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ECONOMIC JOURNAL ON ROLE OF SMALLER INDUSTRIAL WORKS

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[Article by Wang Xiangming [3769 0686 2494] of the Economic Research Institute of the Chinese Academy of Social Sciences: "On the Position and Role of Medium-Sized and Small Industrial Works in the National Economic Structure and Their Readjustment"]

[Text] Since the founding of the People's Republic, our country's medium-sized and small industrial works have enjoyed great development like the large-scale ones. But the small industrial works have experienced greater ups and downs than the large ones and at present the problems in them are still more numerous. Should the medium-sized and small industrial works be developed on an equal footing with large ones? For a long time this has been a controversial issue. This controversy is not only related to the appraisal and implementation of the principle of developing the large, medium-sized and small industrial works simultaneously. It is also related to the question of how at present industry can implement the eight-character principle for readjusting the national economy. Therefore, to discuss this issue now is of great practical significance. This article will make a preliminary study, in light of our country's past practice, of the position and role of medium-sized and small industrial works in the national economic structure as well as certain problems concerning the current readjustment of the medium-sized and small industrial works. Because the advantages and disadvantages of developing small industrial works have always been the focus of contention, this article will focus on the study of the small industrial works.

I

Industry is the leading factor in the national economy. In the first place, of course, this leading factor refers to the large industrial works, in particular those in heavy industry, which can provide a material and technological basis for various sectors of the national economy. Then, in what position are the medium-sized and small industrial works?

To answer this question, we need to analyze our country's economic structure. Among the 350,000 industrial enterprises in our country, only something more than 1,200 are large ones, over 3,000 are medium-sized ones and the rest are small ones. Consider the total value of industrial output: The large industrial works are responsible for approximately one-quarter of it, the medium-sized ones for nearly one-fifth and the small ones for over half. Obviously, the medium-sized and small industrial works play a very important role in material production and the people's livelihood. Analyzing the economic structure reveals that the medium-sized and small industrial works are an important component in each of the following: the industrial structure, the technological structure, the employment structure, the regional structure and the ownership structure.

The industrial structure consists essentially of the heavy industrial and light industrial structures. Both categories of industries possess many medium-sized and small industrial works. In particular, in light industry, medium-sized and small industrial works are more numerous and their output accounts for a greater proportion of the total output. Whether the proportion of large, medium-sized and small industrial works in the industrial structure is rational directly affects the structures of light industry and heavy industry.

Consider the technological structure. For a considerably long period of time, our country will have to implement the technological policy of combining the following: automation, semiautomation, mechanization, semimechanization and manual labor. Although we must strive to raise the level of automation and mechanization to catch up with and surpass advanced world levels, we cannot achieve this simultaneously in the majority of enterprises, because in a fixed time period the standard of the workers' technical equipment is mainly determined by the country's standard of production technology. In a country such as ours with an abundant labor force and with a low standard of production technology, only a minority of people can carry out production with advanced technical equipment at the present stage. In the majority of medium-sized and small enterprises, in particular the small ones, for a considerably long time most people will still be unable to free themselves from backward technical equipment, and some will even be unable to break away from manual labor. If we rank the workers according to their standards of technical equipment, which are determined by our country's present condition of production technology, then the workers at different levels will form a pyramid. Although the standard of technical equipment of the medium-sized and small industrial works is inferior to that of the large industrial works at the top of the pyramid, their position and role are definitely important.

Consider the employment structure. At present the medium-sized and small industrial works employ over three-quarters of all workers and among them those run by communes and production teams employ over 10 million people.

Although in the industrialization process the technological composition of the entire industry will be continually improved, the technological composition of the medium-sized and small industrial works will still be below that of the large industrial works, and consequently they will have the characteristics of being able to accommodate a larger labor force than the large industrial works. Therefore, for a long time they will be the main area where employment can be expanded.

Consider the regional structure. The small industrial enterprises are numerous and they are distributed among more than 2,000 counties, over 30,000 communes and about 600,000 production brigades in the whole country. They are of great significance to the economic development and livelihood of the people in the municipal and rural areas.

Consider the ownership structure. At present there are over 260,000 small industrial enterprises under collective ownership and their total industrial output accounts for approximately 20 percent of the whole industrial output value. At the present stage the level of our country's social productive forces is rather low. Therefore, correspondingly, for a considerably long time the urban and rural small industrial works under collective ownership will certainly coexist with the industrial works under the ownership of the whole people. In particular, the industrial works under collective ownership run by the communes and production teams are closely related to the agriculture under collective ownership. They exert a far-reaching influence on the development of the relationship between industry and agriculture and that between the urban and rural areas.

In conclusion, the medium-sized and small industrial works occupy a very important position in every aspect of the national economic structure. They are an important aid to the large industrial works and an indispensable and important component in the industrial economy.

The development of medium-sized and small industrial works plays an important role in the development of the entire national economy and in the improvement and development of the relationship between industry and agriculture and that between the urban and rural areas.

First, the development of medium-sized and small industrial works is favorable to fully utilizing human and material resources, to accelerating the development of industry or even the whole national economy and to raising the people's living standards. Judging from the consumption of living labor, the rate of development of social production is directly determined by the rate of growth in the amount of labor and the labor productivity growth rate. Naturally an undersupply of labor forces will limit the development of production, but without due planning an excess labor force will also impede the development of production. A marked problem in our country's industrialization is the excess labor force and the relative inadequacy of the means of production. At present our country has a population of over 900 million people, a labor force of nearly 400 million people and an urban labor force of around 80 million people. The employment of the newly added labor force every year is a very great problem. The agricultural labor force comprises nearly 300 million people and the latent employment problem is even greater. In the process of agricultural modernization, agriculture will inevitably require a smaller labor force. Even on the basis of current labor force figures, reducing the labor force by one-third will make over 100 million people redundant, and reducing it by half, will make over 150 million people redundant. The labor force made redundant during the four modernizations process and the annual new labor force must be absorbed and accommodated by various national economic sectors. The way in which this problem is tackled by industry, which is the principal sector to absorb the labor force, is a major issue concerning overall national economic development. Relying on the development of large industrial works alone is far from adequate for resolving this issue. We all know while developing large industrial works, newly built enterprises and old ones [are faced] with expanded need [for] more workers. However, with the raising of labor productivity in the large enterprises with a high standard of technical equipment, there is a tendency to employ fewer people. Therefore, on the whole, there is very wide gap between the amount of labor they can absorb and the required expansion in employment. Moreover, when the large industrial works employ more people they need more technical equipment. Take the current average level of equipment in our country's industrial works under the ownership of the whole people for example. Each worker on the average owns over 10,000 yuan worth of fixed assets. If, on the basis of this level, we arrange employment for a million people in such industrial works, the state will need to spend over 10 billion yuan to increase the fixed assets. If all the newly added workers in the industrial sector were to enjoy this level of equipment, then obviously this would far exceed our country's current industrial output level and accumulation capability. This is basically impossible. If we proceed from reality, the only feasible method is that when we develop large industrial works, we must simultaneously actively develop those medium-sized and small industrial works which employ many people, need little investment, yield quick returns, require less advanced technology, can make use of local conditions and local resources and can carry out processing work locally. Then, not only can employment be expanded, but we can use various resources which originally could not be used. Thus, our strengths can be brought into play and our shortcomings circumvented so that the abundant labor force will not remain idle, wait for employment or be wasted in the large industrial works or in agriculture. The consequent increase in the amount of labor employed in production and the consequent raising of social labor productivity will be favorable to accelerating the national economic development.

The development of the medium-sized and small industrial works will also be favorable to improving the people's livelihood. As mentioned above, since these industrial works can expand employment, they will naturally raise the income of those whom they employ. Since they mainly produce the means of subsistence, their development can insure a greater supply of material resources for raising the people's consumption level. Moreover, since they are more flexible, adaptable and widely distributed geographically, their product varieties, product specifications and ability to offer a local supply of products can help meet the people's consumption needs more satisfactorily.

Second, the development of medium-sized and small industrial works is favorable to the mutual support between industry and agriculture, the promotion of agricultural modernization and the reduction of the three major differences. The socialist public ownership results in a new relationship of mutual support between our country's industry and agriculture. In the process of industrial and agricultural modernization, this relationship will inevitably develop continually. Large industrial works are the main force in industry as well as the chief supporter of agriculture. However, the number of large industrial works are limited, our country's countryside is extremely vast and agriculture inherently has local characteristics. Therefore, it is difficult for the large industrial works to completely satisfy the needs for material resources by agriculture either in quantity, quality or product variety. The medium-sized and small industrial works, in particular those of the counties or communes, are closer to agriculture and they enjoy conditions which large industrial works do not completely possess because they understand and are suited to agricultural needs. Therefore, they can more duly provide agriculture with the means of production, process agricultural and sideline products, serve the peasants' livelihood and so on. From the viewpoint of improving the industrial distribution, developing those industrial works processing agricultural and sideline products in the countryside or the counties and towns near the countryside is of great significance to improving the relationship between industry and agriculture and that between the municipalities and the countryside. Those industrial works run by communes or production teams can also accumulate funds for agricultural capital construction and agricultural mechanization and consequently help accelerate agricultural modernization.

Industrial development also cannot do without the support of agriculture. For example, industry relies on agriculture for providing agricultural and sideline products as well as materials and raw materials for light industry. It also relies on agriculture to provide a market, and so on. The nearer industry is located to agriculture, the more conveniently can industry obtain support.

The development of the medium-sized and small industrial works in the countryside and in the towns near the countryside is of great significance to the new unity of socialist industry and agriculture. In the first place, such a regional distribution of medium-sized and small industrial works is an important condition for the new combination of industry and agriculture. Second, the profuse development of such industrial works, in particular those run by communes and production teams, can promote the industrialization and agricultural mechanization of the communes and create a material condition for the development of joint industrial-commercial enterprises. All these are of special significance to the socialist combination of industry with agriculture. Of course, at present the medium-sized and small industrial works can only lay a limited material foundation for the combination of industry with agriculture, but the prospects of their development are unlimited.

Third, the development of medium-sized and small industrial works is favorable to a more even population distribution and to preventing an anomalous urban development in the process of industrialization. The experiences of industrialization in various countries of the world have proved that industrialization invariably brings about the conversion of a large agricultural population into an industrial and urban population and consequently the continual increase in the number of cities and the continual expansion in the size of cities. Our country's practice over the past 30 years has also proved this. Nowadays our country has the largest number of cities in the world. The number of those with a population of over a million is the highest in the world. Practice has shown that excessively large cities have many disadvantages and few advantages in necessary facilities, employment planning, environmental conservation, health, municipal construction, commodity supplies and communication and transport costs. From the long-term point of view, in the communist society in the future, though large cities will not vanish, such anomalous urban development as that commonly occurring in the capitalist modernization process will ultimately be eliminated. Although big cities will always remain economic and cultural centers, their scale should be controlled. When a city is built, it will be extremely difficult to remold it. Therefore, in our country's modernization process, we should prevent the excessive concentration of the population from the countryside in a few big cities. They should be more evenly distributed.

Population distribution is chiefly determined by the distribution of the industrial productive forces. If industry is concentrated in the big cities, the increasing concentration of people in such cities will be unavoidable. The principle of simultaneously developing large, medium-sized and small industrial works is favorable to the stratified and more even distribution and development of industrial works with different scales and different technological levels in the whole country's cities and countryside. Therefore, this will be favorable to preventing the growth of large cities and is of great significance both at present and in the future.

Fourth, the development of medium-sized and small industrial works is favorable to earning foreign exchange through exports and accumulating funds for the four modernizations. Products of the light and textile industries are currently one important source from which our country can increase its foreign exchange earning through increased exports. Most of these products can be produced by medium-sized and small industrial works. Our country has a large labor force and abundant natural resources. The technological standard of our country's people in manufacturing light industrial products and textile products makes such products better able to compete with other countries in the international market. In this field the medium-sized and small industrial works can enjoy great development in the future. At present, in our country's export commodities, the agricultural and sideline products and their processed forms account for over 60 percent. However, industrial and mining products account for less than 40 percent. Moreover, most of the latter are raw materials and crudely manufactured products. We must gradually alter such an export commodity structure characterized by earning a low income and being unfavorable to the planning of the relationship among agriculture, light industry and heavy industry in our country. Because the export capability of our country's heavy industrial products is still very weak, it is very important to raise ability and technological standard in producing light industrial and textile products so as to increase exports and earn more foreign exchange.

II

Readjusting the structure of large, medium-sized and small industrial works in both light industry and heavy industry is an important part of the current national economic readjustment work. The medium-sized and small industrial works must be guided into a correct track and made to develop healthily through readjustment, which include closing down, stopping production, merging or changing the line of production as necessary. This is of great significance to improving the internal structure of the entire industry and to the accelerated development of the national economy.

For a long time, the debate on whether industrial development necessitates the simultaneous development of large, medium-sized and small industrial works has been focused on the many problems emerging in the development of small industrial works. Such problems include: irrational location and the consequent lack of resources and suitable conditions, the wrong direction of development and the consequent competition with large industrial works for raw materials and the lack of market outlets, poor management, low technology, poor product quality and high cost and the consequent losses and so on. Such problems should be studied and solved during the current national economic readjustment.

While implementing the readjustment policy, we must seek truth from the facts, find out the causes of the problems and tackle them correctly. Thus, what are the main causes of the problems in the small industrial works? In short, the first cause is that a high degree of blindness exists in implementing the principle of simultaneously developing large, medium-sized and small industrial works, there is a lack of scientific research on a principle for the economically rational division of labor among large, medium-sized and small industrial works and very often small industrial works have been rashly built to obtain certain products quickly or simply to earn money. The second cause is the low enterprise management standard and backward technology. The third is that many localities lack planned management of and a rational economic policy for the development of medium-sized and small industrial works. I think that to overcome various shortcomings in the medium-sized and small industrial works and deviations in their development and to solve their problems, the following problems should be studied.

First, we must strengthen the study of the economic rationality and economic effectiveness of the division of labor among large, medium-sized and small industrial works. In particular we must study the rational scale of production for different industries and different products and provide a scientific basis for the simultaneous development of large, medium-sized and small industrial works. For which of the various branches and trades is the development of medium-sized and small industrial works suitable, and for which of them is such development unsuitable? Within the same trade, which products can appropriately be produced by medium-sized and small industrial works and which cannot? We should make a conscientious economic and technical study of these questions and should not categorize everything in simple terms.

What should be the requirements of the economically rational division of labor among large, medium-sized and small industrial works? I think that they should chiefly include the several points below.

1. The division of labor among large, medium-sized and small industrial works should be favorable to the full and rational use of labor and material resources. Our country has abundant labor and natural resources. We should take advantage of the characteristic of medium-sized and small industrial works, namely the small investment they need and the larger labor force they can absorb, and duly combine and utilize our labor and natural resources so that they can become real productive forces and yield more products needed by society. This is the primary requirement of the economically rational division of labor among enterprises of different sizes. To fulfill this requirement, when we build or locate small industrial works or determine their scale or line of production, we need to overcome blindness, prevent random action, be scientific, proceed from reality, suit measures to local conditions, use local resources and strive to make the best use of human and material resources. We must pay attention not only to the availability of other resources with which to combine the labor resources, but to the compatibility, scale and so on of the employable labor resources with the natural resources used in combination with them. The opening up and use of different resources require different investments, technical equipment and manpower and must be compatible with the scale and requirements of

production. Generally speaking, extensive resources should be opened up and used by large industrial works while relatively scattered resources, in particular agricultural and sideline resources, should appropriately be opened up and used by medium-sized and small industrial works. Extensive resources should not be used for building small enterprises or small-scale resources for building large ones. To "make bricks without straw" is even more erroneous. Any enterprise which "makes bricks without straw" cannot exist permanently and its development is of course out of the question.

2. The division of labor among large, medium-sized and small industrial works should be favorable to the rational distribution of the productive forces. This requires that such a division of labor should be favorable to combining and balancing production, supply and marketing, to eliminating irrational transportation, to combining industry with agriculture, to combining specialization in production with comprehensive development in various economic regions, to promoting economic development in backward regions and so on. The rational planning of large, medium-sized and small industrial works can play an important role in these respects. Such a role has been demonstrated by the development of the industrial works in the communes, production teams or small towns in some places in our country.

3. The scale and standard of technical equipment of large, medium-sized and small enterprises must be compatible with the characteristics of their products. In different enterprises, the labor force is combined with the means of production in different ways. The standard of their equipment and their technological requirements are different. Their technological variations in producing their own products are different. In conclusion, different size enterprises have their own strengths and weaknesses in producing different products. Thus, large enterprises are suitable for heavy industrial works requiring a large investment, a high technological system and large-scale equipment, such as iron and steel works, fuel and power works and heavy chemical works. On the other hand, medium-sized and small enterprises are more suitable for the light and textile industries which require less investment, more workers, a low technological system and equipment which is not necessarily large, such as the textile industry, garment processing and food processing industries, industries producing articles and chemical products for daily use and so on.

4. The division of labor among large, medium-sized and small enterprises must be favorable to specialization and coordination in production. If the large industrial works are to free themselves from being "large and complete" and take the road to specialization, they must not only coordinate with large industrial works but also with a larger number of medium-sized and small ones, which, for example, produce spare parts and fittings, semifinished goods or subsidiary products for them. Establishing coordination among specialized enterprises is the necessary road to industrial development and an important way to raise labor productivity, lower

production costs and improve product quality. Although it is impossible and unnecessary for all the medium-sized and small industrial works to become coordinating units for the large ones, the majority of them can play such a role. Therefore, the rational division of labor among large, medium-sized and small industrial works should take this requirement into consideration.

5. The division of labor among the large, medium-sized and small industrial works must be favorable to satisfying the varied livelihood needs of the urban and rural people. Generally speaking, large industrial works are more suitable for producing greatly demanded products whose varieties involve small technological variations and which can appropriately be mass produced. On the other hand, those products whose varieties or specifications are numerous, which must be changed frequently and for which mass production is unsuitable, can more appropriately be produced by or even can only be produced by the smaller-scale, flexible and adaptable medium-sized and small industrial works. In the case of export commodities, the demand of the international market for consumer goods changes very rapidly and in numerous ways. Those products whose style or variety remains unchanged for long periods of time, say 10 or 20 years, are not competitive at all. Products whose variety is important can often be more appropriately produced by medium-sized and small industrial works.

These few principles of economic rationality are closely related to economic effectiveness. Generally speaking, large, medium-sized or small industrial works can all achieve better economic results by observing these principles. Otherwise, the economic results will be poor. Implementing these principles is the prerequisite for achieving better economic results. Being able to achieve better economic results is the necessary consequence of correctly implementing these principles. Economic effectiveness is an important criterion for evaluating the running of enterprises and for assessing the economic rationality in developing large, medium-sized and small enterprises simultaneously.

In comparing the economic effectiveness of medium-sized and small industrial works with that of large ones, we should analyze their economic effectiveness comprehensively and specifically. We should assess it from both the point of view of enterprise accounting and that of national economic accounting. Not only should we compare the products of the small industrial works with similar products of the large ones, but we must admit the objective necessity of a definite gap in economic effectiveness due to differences in the technical equipment. Moreover, we must examine whether production at these small industrial works is favorable to the full and rational use of the social labor resources and material resources, whether their products are needed by society and whether the production is favorable to expanded social reproduction.

Some small industrial works compete with large ones for the use of such resources as fuel, electricity and various materials and raw materials, but others do not. If some small industrial works consume a great deal of resources and also compete with the large industrial works for them, then they should give way to insure the rational use of society's limited resources. If small industrial works consume scattered or relatively inferior resources which large ones cannot utilize and their products are needed by society, then even if consumption is somewhat high their production is permissible or even commendable.

By the same token, although the products of some small industrial works are rather inferior in quality and highly priced, they are needed by society but cannot be produced by the large industrial works. Then, the production of such products is still necessary. This is analogous to having to cultivate poorer land for production when grain production in superior land cannot satisfy society's needs.

The labor productivity of small industrial works is generally lower than that of large ones. But the small industrial works should not be content with remaining backward forever. Proceeding from their own conditions, they should actively improve their management and technology and continually raise their labor productivity. At present the small industrial works are generally associated with backward technology, but this is not a necessary phenomenon. From the developmental point of view, small industrial works can progress from possessing backward technology to possessing intermediate and then advanced technology. Some of them can also use advanced or intermediate technical equipment to produce high-grade, precision and advanced products. When the small industrial works have improved their technological standard, because they need small investments and less funds, their economic effectiveness can not only be equal to that of large industrial works, but may even surpass it.

Second, in management planning, the role of the law of value and of economic means must be given due consideration and must be correctly brought into play, so that the small industrial works can develop in the right direction and their management and technological standards can be continually raised. The development of small industrial works should meet the requirements of the law of the planned and proportionate development of the national economy. They should also be managed in a planned way and should not be left unrestrained. However, because they are scattered, and in particular because many of them are collectively owned, it is very difficult to bring their production, supply and marketing activities into line with the state plans. Therefore, it is necessary to guide and influence them by using the law of value and by various economic means mastered by the state. We must pay special attention to this point in readjusting those small industrial works which were set up blindly in the past.

When rectifying the direction of production of the small industrial works, we should also give them greater power to act on their own in production, supply and marketing. Small number of important products must be brought into line with the state plans, but aside from this the enterprises can be allowed to freely produce and market ordinary products according to the market demand and their own conditions. The enterprises can be allowed to vary the product prices by themselves within the limits stipulated by the state's price policy. The state's planned management of the enterprises should mainly consist of formulating and implementing correct policies and influencing the enterprises by means of these policies, which include price policy, fiscal and taxation policies, credit policy, material management policy, investment policy and so on. A policy of support and preferential treatment can be adopted for those enterprises compatible with state planning and social needs, but for those which are not, a restrictive policy should be adopted. Here, it is particularly important that the price policy conform with the law of value, so that in the market superior commodities really sell at a high price and inferior commodities at a low price, and that commodities of very poor quality and with little use value will not be produced. In conclusion, there must be a definite degree of competition among the enterprises. How well the enterprises are run must be linked up with the material benefits of the enterprises and their workers. Thus, the backward enterprises can be prodded so that they actively perform technological innovations and improve the management standard. At the same time the advanced enterprises will not become complacent or stop making progress.

In actual work, many localities still lack a unified system for managing the small industrial works. They have no rational planned management and also very seldom direct them by using the law of value and economic means in the market. For example, in the past some localities did not purchase the resources excavated by the small industrial works at a reasonable price or at an opportune time. Such resources, like coal, salt and so on, consequently became overstocked for a long time, and there were instances of spontaneous combustion or resources washed away by rain. In some cases the prices of the products of the collectively owned small industrial works were even deliberately lowered so that such products could not enjoy the same prices as the products of the same quality produced by the state-run industrial works. Some localities imposed many exorbitant taxes and levies on small industrial works. They did not adopt a tax concession or exemption policy toward the proper productive activities of the industrial works run by communes or production teams. On the contrary they pursued a heavy taxation policy. On the other hand, they usually did not use economic means to restrict those enterprises whose direction of production was wrong, whose products did not meet the social needs and which competed with large industrial works for resources. Some localities even adopted various subsidizing and protective measures toward certain enterprises with poor product quality, high production costs and frequent losses. Such backward protective measures must be changed.

Third, we must follow socialist economic principles and correctly tackle various problems in the relationship among the large, medium-sized and small industrial enterprises. Under our country's socialist system, the basic interests of these enterprises are identical. However, various problems exist among them. For example, there are problems in contracting and coordinating (including coordination between the enterprises under the two categories of public ownership, which are organized into a coordinated process involving specialization in their work). There are problems of large enterprises transferring the production of certain old products to small enterprises, small enterprises using old equipment abandoned by large enterprises, of small enterprises using the by-products, leftover bits and pieces, waste materials and old materials of large enterprises and other problems concerning the relationship of production, supply and marketing among various enterprises. Some of these problems involve the interest-based relationships among the enterprises owned by the whole people. Some involve the interest-based relationships between enterprises owned by the whole people and collectively owned enterprises. Actually, these problems are often intertwined by various relationships among the state, the collective and the individual. Improper handling of these relationships will affect the coordination among the enterprises, the enthusiasm of their workers, the full and rational use of human and material resources, and consequently affect production. How can we solve these problems and handle these relationships well? The correct method should be to emphasize integrating the socialist spirit of mutual support and coordination with observing the law of value and the principle of material benefits, so that the division of labor and coordination among large, medium-sized and small enterprises can be closely linked with the benefits of the state, the enterprise and the individual. At present, the problems in this respect are still numerous. For example, some large enterprises only transfer the production of scarcely profitable products, or even those causing serious pollution or health hazards, to the small enterprises. Some large enterprises are unwilling to hand over to the small enterprises those by-products they discard, or they will sell them at a high price to the small enterprises when the latter can use them to make a profit. Such practices, in particular the practice of "shifting one's troubles onto others," are incompatible with the communist spirit or the socialist economic principles. They should be changed.

In conclusion, readjusting the medium-sized and small industrial enterprises is a complex and arduous task. Because such enterprises, in particular the small ones, are numerous and scattered and embrace many trades, the readjustment work not only involves the restructuring inside the industrial works but also involves readjusting many of their external relations; it involves not only many problems concerning the productive forces but also many problems concerning production relations. We must not only do the work in a practical and painstaking manner, but, what is more important, we must view this task in the context of the requirement of our country's socialist modernization for a more rational economic structure in the cities and the countryside.

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LEVYING OF FIXED ASSET TAX DISCUSSED

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[Article by Zhang Biwei [1728 1801 3555]: "Questions on the Levying of Fixed Asset Tax From State-Run Industrial Enterprises"]

[Text] At present, our state-run industrial enterprises are practicing the system of uncompensated use of fixed assets. This system results in the defects of low utility of fixed assets, poor economic results and serious loss and waste. The State Council has approved provisional regulations concerning the levying of fixed asset tax from state-run industrial enterprises. This aims at using economic means to manage the economy, rectifying the phenomenon of eating from the same pot as a result of the "supply system," and reforming the fixed asset management system so that the enterprises will shoulder the economic responsibility for the fixed assets under their use and positively improve their utility. This is undoubtedly a correct and essential step. However, the levying of fixed asset tax is, after all, a new method. We still lack the experience to put it into practice. Based on our investigation and practical experience in pilot units, several preliminary ideas and postulations concerning the levying of fixed asset tax are proposed as follows.

There Are Many Practical Problems for Levying Tax According to the Original Value of Fixed Assets

The State Council's provisional regulations concerning the levying of fixed asset tax states that: Fixed asset tax is to be levied according to the original value of the fixed assets. In actual practice, this will create many problems.

1. The problem of the constituents of the original value. The fixed assets of our industrial enterprises generally come from the following sources: 1) Assets confiscated from bureaucratic capitalists after liberation; 2) assets redeemed from capitalists during socialist transformation; 3) assets derived from the completion of state budgetary

investment in capital construction projects since liberation; 4) assets derived from the completion of investments raised by the locality and the enterprises themselves; 5) assets allocated to the enterprises without compensation. On the whole, the third and fourth items are the principal sources. In other words, fixed assets are primarily derived from the completion of state budgetary investment in capital construction or are raised by the locality and enterprises themselves. In this context, the original value of the fixed assets refers to the total spending on the purchase, installation and construction of the fixed assets. The enterprise accounting system prescribes that fixed assets derived from the completion of investment in capital construction should be entered into the accounts according to the value prescribed by the construction unit. Since liberation, our method of settling financial accounts concerning the cost of capital construction projects has been changed several times. However, it can basically be divided into two types. The first type is to settle accounts according to the budgeted cost of production, while the second type is to settle accounts according to actual cost of production. (In addition, there is also the method of settling direct cost according to actual expenditure while settling indirect cost according to budgetary expenditure.) In the case of settling accounts according to budgetary expenditures, the original value of the fixed asset is the sum total of the cost of installations and equipment, the budgetary cost of production for the construction and installation of the project, and the shared expenditure on other capital construction. In the case of settling accounts according to actual expenditure, the original value of the fixed asset is the sum total of the cost of installations and equipment, the actual cost of production for construction and installation and other capital construction costs. When the account of production cost is settled according to the budget, the construction and installation enterprises (or construction units) will shoulder the responsibilities for profit and loss and be included in the national or local budget. The value of the fixed assets handed over to the enterprises after completion of the project is not at all affected by the management performance of the construction and installation enterprise. When the account of production cost is settled according to actual expenditure (this includes self-managed construction projects and projects assigned to individual units), the original value of the fixed assets handed over to the production enterprise after completion of the project will be affected by the management performance of the construction and installation enterprises. The management of construction and installation enterprises has been [illegible] much weakened over the past 10 years due to sabotage and disruption by Lin Biao and the "gang of four." Overspending on construction cost is very common. This is mainly because "the settling of accounts according to actual expenditure" has led to unreasonable "exaggeration" of the original value of fixed assets handed over to the production enterprise after completion of the construction project. This gives the false impression that the state has increased its fixed asset investment in the production enterprise. According to the findings of our investigation, due to the settling of accounts according to actual expenditure, the cost of construction projects in different periods might differ by more than 10-fold. Moreover, due to various factors such as planning, design, construction, handing over of a project for acceptance inspection, management system and structural changes, there are serious distortions of the original fixed asset value of the production enterprise. Several years ago, when we undertook the inspection of phase one of the capital construction project of a massive lead-zinc smelting plant, we discovered that the difference between the actual account admitted by the production enterprise and the book value which the financial department of the construction unit should submit was as great as 10 million yuan. Later, the responsible department at a higher level acted as the "mediator." With the exception of a small portion cancelled as capital construction, the greater part was added into the original value of the production enterprise's fixed asset. Since nobody at that time had any idea of levying fixed asset tax, it was easier to settle the dispute.

Furthermore, no matter whether it is fixed assets derived from the completion of capital construction or fixed assets allocated without compensation, there is still the problem of the value of substandard installations. The price of standard installations is normally fixed by the state and remains relatively stable within a given period of time. The original value of fixed assets made up of standard installations is therefore relatively reasonable. However, since such installations have no fixed price prescribed centrally by the state, the price differential is very great whether such installations are produced locally or purchased from outside sources. The original value of the fixed assets thus formed is generally higher than that of standard installations of the same category, type and specifications. Sometimes, it is even several times higher. In short, the problem of levying tax according to the original value of the fixed assets is a highly intricate problem.

2. The problem of different degrees of newness which affects the original value. Due to different degrees of newness, the same kind of fixed assets might have different "yield of strength." Generally speaking, the newer one will always yield the greater strength. It will be irrational to tax them all according to original value, since their original value is basically the same. For instance, it is reasonable to tax a new car according to its original value. But a car which has run tens of thousands of kilometers, although the weight remains unchanged and the car still works, is more expensive to maintain and cannot be compared to a new car. It is unreasonable to tax it according to its original value. The logic is the same with the majority of machinery and installations. At present, in our long-established enterprises, which have been in operation for several decades, the majority of their fixed assets have not been renewed. To be sure, after the tapping of potentials, renovation and transformation, some mechanical installations can still maintain their original capacity and utility. Some of them can even surpass their original capacity and utility. However, these are

exceptional cases. Taken as a whole, fixed assets of the same category, type and specification and basically equivalent original value, will bring different economic results due to different degrees of newness, different "yield of strength," and different sums of expenditure on maintenance. This is generally the case. It must be pointed out that, in the practical handling of financial matters, fixed assets which have been renewed by funds specially allocated for renewal and transformation of capital should have their original value increased. Similarly, fixed assets left behind after cancellation and renewal should have their value reduced. However, this is only part of the picture. The greater part of capital for renewal and transformation is spent on technological programs for tapping potentials, renovation and transformation. Under such conditions, the value of the greater part of the original fixed asset is generally not depreciated. Meanwhile, the value of fixed assets might be increased in the course of tapping potentials, renovation and transformation and the carrying out of the necessary projects. Due to these factors, after the completion of fixed assets resulting from capital construction, the original value of the fixed assets of an enterprise might surpass the depreciation of original value of its fixed assets due to cancellation. This, in turn, will continuously increase the original value of an enterprise's fixed assets. This is rather common in practical work.

3. The problem of encouraging application for cancellation ahead of the due date. If fixed assets are taxed according to their original value regardless of the degree of newness, this will encourage application for cancellation ahead of the due date. This will result in a negative attitude of the enterprises. During our investigation, a certain deputy manager of a factory said, "The prescribed utility limit of our furnaces is 20 years. Such furnaces have been in use for 21 years. At present, we can still manage to use these furnaces by spending a lot on maintenance. If they are to be taxed according to their original value, we might as well apply for their cancellation. The basic depreciation fund has been exhausted. Part of the basic depreciation fund withdrawn in the past has been reallocated by the higher authority, whereas some of it has been spent on our own programs. Now we have no money to build new ones and can only ask the state to invest." We think that such a view is representative and reflects the actual problem.

Taxation According to Net Value and Other Problems

It has been mentioned that due to varying degrees of newness, it is unreasonable to tax according to original value. However, there are also problems in taxing according to net value. The net value of fixed assets of the majority of long-established enterprises has been depreciating year by year. However, due to maintenance and continuous tapping of potential and transformation, they can still maintain their original production capacity and utility. (This is the crucial problem in bringing into play the role of long-established enterprises in the construction of the four modernizations.) If taxation is levied only according to net value, provided all other conditions are similar, these enterprises will have different economic results compared with new enterprises with similar production capacity merely by virtue of the different tax burden each shoulders. This is irrational. Furthermore, so far as the enterprise is concerned, the net value of fixed assets is decreasing year by year. But the production capacity of an enterprise cannot degenerate in the same manner. In the case of taxation according to net value, the yearly decrease of the tax levied on the use of fixed assets will cancel the indicative effect of indices, such as cost of production and profit, on the subjective effort of the enterprises.

There are two more problems:

The first one concerns mining enterprises. According to the existing regulations, shafts opened up as a part of the capital construction of mining enterprises and of extension projects and program projects, financed by renewal and transformation capital for the maintenance of production and replacement of exhausted mines, should keep their individual fixed assets accounts. However, in recent years, since the renewal and transformation capital has been enumerated according to the output of the mining enterprise, the "existence" of fixed asset value of the mining shaft has no direct bearing on the economic accounting and economic results of the enterprise. As a result, enterprises do not bother to open fixed asset accounts for their shafts. Some of them only open an original value account during the completion of the capital construction, while some do not even have any original value account. Some even extend original fixed asset value to shafts opened up with renewal and transformation capital (including geological prospecting costs), while some simply have no accounts. In certain mining enterprises, since the renewal and transformation capital is inadequate to maintain simple reproduction, some of the projects whose expenditure should come under the heading of renewal and transformation capital are arbitrarily placed under the heading of cost of production. As a result, it is even more difficult to open new accounts for the newly increased fixed assets. There is a common failure to maintain net value accounts for fixed assets. Therefore, it is necessary to further investigate and discuss the method of levying tax on the fixed asset used by mining enterprises.

The problem of production proceeding hand in hand with capital construction. A considerable proportion of enterprises are carrying out their production alongside capital construction. In the past, the cycle of capital construction was very long and might drag on for years. The capital construction projects of certain enterprises may remain unfinished and require follow-up measures. Due to these reasons, many enterprises fail to attain the integrated production capacity as originally planned. In one unit which we have investigated, the principal production workshops have only attained half of their originally designed integrated production capacity, whereas the ancillary installations have all been completed as planned. This is just like a large horse pulling a small cart, when the full capacity of the fixed asset cannot be brought into play. Therefore, how can such a general method of levying fixed asset tax according to original value work?

In short, the levying of fixed asset tax is really an intricate matter. It is the common consensus of all the comrades who have participated in the investigation of pilot enterprises as well as those in the pilot enterprises that the levying of fixed asset tax should be "laid aside for the moment and await more concrete instructions from higher authorities."

Will the following method work?

We venture to suggest the following method: In the coming national reassessment of financial assets, all the actual fixed assets of the enterprises as of the end of 1979 should be completely reevaluated regardless of their source. Then, different deadlines for the "sale" of these assets to the enterprises should be set in accordance with their profit level. Then the enterprise should submit the proceeds to the state in the the form of taxation. In this way, the enterprises will shoulder all the economic responsibilities for the fixed asset they use. This will pave the way for genuine independent economic accounting and the shouldering of responsibilities for profit and loss by the enterprises themselves. This will create conditions for the overall reform of the economic system. During the high tide of socialist transformation of capitalist enterprises in 1956, the state carried out assessment of the financial assets of the capitalists and paid them fixed interest. This was called the policy of "redemption." Now we can follow suit and call it "redemption." It is an intricate and onerous task to reassess the fixed assets of the enterprises. It should be popularized after the carrying out of some pilot experiments. The experiments can be carried out jointly by the leading departments of the enterprises, financial departments concerned and banks in the form of a working group. Reassessment should primarily be based on the original and net value of the fixed assets of the enterprises at the end of 1979, a rough estimate of the original design, the actual aggregate amount of investment in the capital construction projects together with the accompanying property put under the care of the enterprise, the designed and existing production capacity of the enterprises, and so on and so forth. If the three parties more or less agree, an overall assessment can be adopted to reduce the work load. If conditions permit, the fixed assets can be assessed item by item. After assessment, a deadline for "redemption" can be set with due consideration for the profit level of the enterprise. From 1980 onwards, enterprises should submit a recovery tax for the state's capital investment according to a fixed tax rate (that is, the value after assessment over the time limit). The enterprise should continue to pay the tax until the assessed amount has been repaid in full. Thus the state can gradually recover this lot of investment and use it in expanded reproduction and other financial expenditures. (The problems of the readjustment of profit plan and readjustment of the proportion of profit to be retained by the enterprise will not be discussed here. Pilot units experimenting in tax for the recovery of capital construction investment should at the same time act as pilot units in experimenting in loans for capital construction investment. From 1980 onwards, fixed assets which have completed their capital construction by loans will not come under the tax for the recovery of capital construction investment.) Do such practices mean changing the nature of socialist ownership by the whole people? No. The directors and managers of the enterprises are economic personnel working under the leadership of the Communist Party and the government. They are the public servants of society and the legal representative of the enterprises. They have the right and obligation to lead their staff to operate their enterprises well. When replaced, terminated or retired, they will not carry any property away with them. The enterprices are still state-owned and the means of production are still under public ownership. On the other hand, the enterprises still have their relative independence and the property after reevaluation still belongs to the enterprises. (There should be integration of measures for the reform of the financial structure such as working capital to be derived fully from credit, capital construction by loans, and profit submitted to higher authority to be replaced by taxation to the higher authority.) The enterprises can put up a good show in the wide economic stage. Competition is allowed. The capable can contribute more to the four modernizations. (Through providing more goods for the society and paying more tax.) As long as the centralized planning of the state is not violated, the enterprise to which these people belong can further develop. In the meantime, the immediate material interests of the leading cadres and staff of these enterprises should be improved. They should be allowed to become rich before others. In this way people will compete with each other to fulfill the common objective of the four modernizations. The whole of the national economic life will become lively, energetic and prosperous.

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PROBLEMS OF DEVELOPING MACHINERY INDUSTRY STUDIED

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[Article by Zhao Dongwan [6392 2639 1354]: "Several Problems with the Developing Machinery Industry (II)"]

[Text] IV. Machinery Industry Must Take the Road of Specialized Production

The production of machinery industry must be specialized. This is shown by the experiences of industrially developed countries in the world and is generally admitted. Since the founding of the People's Republic, we have gained certain success in the specialization of our machinery industrial production. Compared with the industrially developed countries, however, we are still far behind in this respect. There are many causes for our backwardness in specialization, but the main one is that we have had different interpretations of specialization and failed to carry out adequate research.

1. What is specialization? How to organize specialization?

There have been different views on these questions. In machinery industry, specialization means organizing the production of articles requiring identical (or similar) work process, or accessories and spare parts, also requiring identical work process, in an appropriate way for centralized mass production with a view to constantly improving the designs and work process for the products, raising labor productivity, lowering production cost, and insuring high quality. At present, however, many units or departments do not organize specialized production according to the type of work process or the special characteristics of the products. Instead, they are organizing specialized production according to different nomenclatures, different utilities, or different consumers.

Machinery products for different trades, accessories and spare parts for different products, and products of the same type but different specifications can all be organized for specialized production as long as they require the same type of work process. For example, it is entirely proper for boilers used in the power industry and the heat converters used in the chemical industry, to be produced in the same plant, because of the similar work process required. However, there should be no valid reason for diesel engines to be classified for production according to the different ways they are used, such as for industry, agriculture, railway, automobiles, ships and so forth. Instead, they should be organized as low-speed, medium-speed and high-speed specialized production according to the requirements of work process (the oil pump, the spout and certain special parts can form a separate group for specialized production). The semi-finished products from forging for the machinery industries should be even more specialized. If we organize production according to different nomenclatures, utilities or consumers, we can neither be free from the set patterns of "big and all-inclusive" nor attain the goal of development with greater, faster, better and more economical results. This type of "specialized production" is based on an misinterpretation of the term.

2. Specialized production is not intended for one type or one variety of product.

We must not think that specialized production means the arrangement for one type, one variety and one specification of products to be produced by one factory regardless of their different sizes or castings. This is the so-called "specialized production of a product" which cannot be free from the set patterns of being "big and all-inclusive" or "small and all-inclusive." In industrially developed countries, many spare parts and accessories are produced and supplied by specialized factories and the main engine factory needs only to produce some of them before carrying out the final assemblage. For example, more than 70 percent of the parts for automobiles, 50 percent of those for general machines, and 30 percent of those for heavy machinery are obtained from outside sources. In our country, however, one type of product can be exclusively produced in one plant (such as automobile plant and tractor plant), with very little parts obtained from outside. Even some standard parts are produced by the workshop of the same plant. Strictly speaking, this type of plant is not specialized, but "big and all-inclusive" or "small and all-inclusive" plant producing one or several varieties of products.

Specialized production does not mean that a plant should confine its production to only one variety of products, or that the more specialized it is, the less varieties it will produce. On the contrary, it means the production of many varieties with the same process and equipment in order to save labor, energy and raw materials. The view that specialized production means only reduced varieties or the production of only one variety is one-sided.

In organizing specialized production, it is necessary to conscientiously study how to determine the best amount or batch production.

The best amount of batch production varies in different products and accessories or spare parts according to the work process required. In the automobile industry of foreign countries, for instance, spark plugs, ball-bearings, piston rings, meters and so forth are mass produced in the largest possible batch, and the second largest is for engines and chasses. But the final assemblage is usually carried out in different locations, because the transportation of finished cars costs a lot more than the transportation of accessories or parts. The amount of batch production, the cost of production and the different standards of work process are all related to one another. In organizing specialized production, therefore, we must not simply think that it would always be better to produce accessories and parts of products in the largest possible batch, regardless of the conditions of work process. The most important point is that we must select the best amount for batch production.

4. Particular attention should be paid to the specialized production of semi-finished products.

In the production of semi-finished products (especially in casting), the utilization rate of materials has a very close bearing on the production cost as well as the subsequent machining. Advanced and rational work-process can markedly raise the rate of material utilization, reduce the work-hours in machining, and greatly lower the production costs. Therefore, the production of semi-finished products should be in large concentrated batches and highly specialized. In America, for instance, there are only 1,500 casting centers, being 1.3 percent of the total number of machinery plants; in Japan, there are only 570 casting centers, being 2 percent of the total number of machinery plants. In our country, however, the combination of the first machine building and the agricultural machine building systems alone have 2,600 casting centers, being 60 percent of the total number of plants in these two systems. In other words, 60 percent of these plants have their own casting centers. With these many centers scattered apart from one another, it not only causes waste of investment in capital construction from the lack of full utilization, but also makes it impossible to adopt advanced casting techniques on the production of small lots. Even now, 78 percent of our casting are in the form of gravity casting and only 22 percent are die casting. (In America, die casting accounts for 67 percent of the total number). This unavoidably makes our material utilization rate in casting far below those of the industrially advanced countries.

5. The new problems brought forth by specialized production should be carefully solved.

Specialized production makes higher and more complex demands on the coordination between the units and the complete sets of equipment. Therefore, we must study and improve the present system of management which is unsuited for specialized production. At the same time, we should note that concentrated production is not suitable for widely scattered markets because of the required transportation and the expenses involved. Therefore, how to improve this situation is a question requiring further careful study.

After all, for the machinery industry, specialized production is a science of management as well as a technology. At the same time, it necessarily touches on a series of policies. This problem cannot be solved by a single enterprise, a single department or a single area. Therefore, it is necessary for the organization experts of the relevent departments of the state to first study the method of specialization and then gradually get things organized for specialization.

V. In Developing Machinery Production, We Should Start with Promotion of Science and Technology

In the course of developing their machinery production, industrially advanced countries in the world have all along paid attention to scientific research, including the basic research, the research on development and application of theories. All stages of development in machinery production (such as design, experiment, trial production, regular production and application) are closely related to scientific research. Particularly in the developing of new technology and the designing and manufacturing of sophisticated machinery and complete sets of fine quality and high efficiency equipment in the past 20 years, it is even more necessary to strengthen the basic research and the research on the methods of application, experiments, testing, unit-process, materials and so forth in order to provide a complete set of technical reference materials concerning raw and semi-finished materials, process, performance, design computations, standards and data. However, for historic reasons and because of the serious disruptions by Lin Piao and the "gang of four," our scientific research on machinery industry (ranging from assembling to surveying, drawing and imitation, and from imitation to independent designing) has been very backward because our basic research, as well as our research on development and application are not what they should be. This is one of the main reasons for the backwardness of our machinery products.

1. Research on basic theories is the basis for the adoption of new techniques in improving the performance and quality of products. However, because of the backwardness of our research on the basic theories, the design for our products is still based on the data of the 1930's and 1940's. In the theory of intensity, for instance, foreign countries have generally used the theories of elastic-plastic failure in mechanics and the finite element method (Note 2), while we still use the traditional theory of elasticity and the concentrated load method (Note 3), which hinders the improvement of synthetic performances and the rise of the technological and economic indices. Again, in the theory of automatic control, foreign technology have already developed to the stage of optimal design based on the theory of applied system engineering, while ours still remains in the stage of single engine control. To change the outlook of machinery industry, we must attach great importance to the study of basic theories with particular reference to the following: Theory of system engineering, theory of intensity and the theories of vibration, noise, friction, abrasion, lubrication, air-proof, rust-proof and corrosion-proof; and other anti-explosion and anti-pollution theories.

2. As to the relationship between scientific research and product designs, we have always stressed product design instead of scientific research in our development of production and thus become deficient in technological reserve. The standard of our design is low and has for a long time remained in the stage of empirical design. This restricts not only the production of a new generation of goods but also the development of varieties and mass production. It is my opinion that in producing either complete sets of heavy equipment with new technology, in designing for system engineering, or in bringing up a new generation of goods, no progress can be made if we do not first engage in scientific research and do not have the required technological reserve. The development of 500,000-700,000 volt transformers in West Germany and Japan, for instance, began with scientific research in the late 1950's, followed by the trial manufacture of the first sample machines in the mid-1960's and then production with a finalized design in the early 1970's, and the entire process lasted more than 10 years. From this, we can see that development would be rather difficult without a technological reserve in the advance stage or during experiments in the intermediate stage. Now let me take for instance the complete equipment for producing synthetic ammonia. When our machinery industrial department independently designed for the production of this complete set of equipment in the early and mid-1960's, we were not much different from foreign countries in scope, grade and technical and economic indices. From the late 1960's to the early 1970's, lack of the necessary technological reserve halted the progress of work in producing this complete set of equipment for nearly 10 years, and the gap between us and the foreign countries was further widened. Finally, we had to import this equipment. In the 1960's, Romania learned the key techniques for manufacturing this equipment from us. Because of their high regard for scientific research, they have been ahead of us and able to produce it independently for a long time. Now they can even export it. The same principle applies to the development of other products. According to analysis conducted by the First Ministry of Machine Building on machinery and power equipment, 25 percent of the products belong to the 1940's; 40 percent, to the 1950's; 30 percent, to the 1960's; and only 5 percent to the 1970's. This shows the heavy task in producing a new generation of machinery and power products. To accomplish this task, we must start with spare parts and accessories, carry out both qualitative and quantitative experiments, and study the related branches of physics, chemistry, and mechanics with regard to intensity, electricity, materials to be used, and single special features. Without such scientific research, our designing cannot be improved, and instead of producing a new generation of goods, we can only make minor changes in our products. For the machinery industry, therefore, a correct relationship between design and scientific research is most important.

We have frequently come across such a situation: Because designing, trial production and scientific research have to take place simultaneously and we have no technological reserve, some products were produced before the scientific research was completed. With some important problems in spare parts, accessories and technology still pending, many other problems emerged with respect to the quality. Then a crash program for scientific research (called a crash program to improve the quality) had to be organized. We have had many lessons of this kind, mainly because the relationship between scientific research and design was not properly adjusted, or because the importance of scientific research was not duly recognized.

3. In handling science and technology, we must particularly strengthen our scientific research force and improve our means of testing. For machinery industry, we have already had a scientific research contingent which has achieved certain success. In the late 1960's, however, both research institutes and research personnel were moved to the grassroot levels and became seriously weakened. Even now, we are in need of a powerful scientific research force. For testing, some backbone institutes are still using the equipment of the 1930's or 1940's. It is my opinion that unless scientific research is further strengthened, the means of testing cannot be improved and scientific research cannot play the leading role. If the machinery industry, which is supposed to provide modern equipment for others. is lacking in the conditions for experimentation and the means of testing, how can we make any progress in developing the varieties of products or in producing complete sets of technical equipment? Therefore, the state should first improve the conditions of experimentation and the means of testing for the machinery industrial departments, and try every possible way to set up a base for scientific research and testing, even though the number of factories to be built has to be reduced.

VI. The Question of Importing Technology

Importation of technology and importation of equipment have different meanings. In 1978, only 2 percent of our foreign currency spent on importing both technology and equipment were spent on technology while the remaining 98 percent were all spent on equipment. This matter should be seriously studied from two different angles. For machinery industry, we should consider why we have to import equipment on a large scale for various departments? Why should we import them even though some equipment can be manufactured in our country? We must look for the answers from the machinery industry itself. From the standpoint of the departments using the imported equipment, we must consider if it would be the correct orientation for us to import complete sets of equipment on a large scale. Would it be better to import technology or to import equipment on a large scale? What would be the consequences if identical sets of equipment were imported on a large scale? It is our major economic as well as technological policy to import the manufacturing technology and work-process. The machinery industrial departments have an unshirkable responsibility in implementing this policy.

There should first of all be a long-range plan for importing technology, and we should carefully study such questions as what technology and work-process should be imported and what should be the order of priority for different imports, after carefully considering the actual conditions of technology in our country as compared with the international levels. Without a long-range plan, it is quite possible that what is urgently needed may be left out while what is actually imported may not be urgently needed at all. As a result, the imported technology is simply left unused, leading to a serious waste. We must therefore have a long-range plan in order to avoid blind and sporadic imports.

Imported technology should be consistent with the standardization in our country; otherwise there will be technological confusion. In importing technology, we must also pay attention to the importation of system design. It must be noted that a particularly weak link in the technological development of our machinery industry is the backwardness of systems design, and this weak link must be strengthened through the importation of technology.

In importing technology, stress should be laid on the technology for the basic parts, basic work-process and the key materials consistent with the actual conditions of our machinery industry. This type of technology does not cost much and can yield great benefits in rapidly strengthening the foundation of our machinery industry, and improving the quality of our machinery products. In importing the technology for manufacturing basic parts, we must be sure that the key materials required be imported at the same time; otherwise, we will not be able to have a complete set of equipment to serve our own purpose.

In importing technology, we must make full use of the existing manpower, materials and foundation instead of building up everything from scratch just to suit the imported technology. One crucial problem in importing technology, which must be satisfactorily solved, is to digest, master and improve it as rapidly as possible. In other words, it should yield quick results. With the present rapid tempo of scientific and technological development, we must be able to digest and master it quickly. If it has to wait a long time to produce its effects, then the imported technology will lose its value.

Along with the importing of technology, we must also pay attention to the training of personnel. Experiences in many countries have proved that the imported technological data are inanimate, but the technical personnel mastering it are animate. Therefore, we must train our own personnel for the imported technology so that they can quickly master and use it to serve our own purpose as rapidly as possible.

VII. Management of Machinery Industry Should Be Strengthened

Machinery industrial management, as we should say, is fairly complex. In all industrial countries, such management has become a branch of science. Although we have had experiences, both positive and negative, in machinery industrial mangement and have gained certain success, whatever we have learned is not enough as a science. To be a little more emphatic, we can say that we have not yet been emancipated from the set patterns of formalism and metaphysics. At present, on the basis of conscientiously summing up our experiences and learning from foreign experiences, we should study and work out a set of measures applicable to the conditions in our country. Machinery industrial management involves many economic, financial and materials policies and should become a topic for academic discussion. Here are my preliminary views on several questions:

1. Machinery industrial management.

At present, all trades and professions of the machinery industrial system have established their general bureaus (or general companies, using two signboards for one organization). How do they function after all? This is a question to be studied. I am in favor of the organization of a national company, but not the establishment of many general companies. Some, but not all, general companies are necessary, according to different conditions. Some trades have to "operate as a single unit;" others can form two or three companies so that they can compare and compete with one another. Some companies have to break through trade barriers; other do not. Some general companies directly affiliated to the central government should also have local general companies. After all, management of machinery industry is more complex and cannot be confined to only one method.

2. What is the central task of management among machinery industrial enterprises? There have been quite a few different opinions on this point. Some people have mentioned quality control; others, technical control, production control, economic accounting and so forth. The central task cannot be determined according to people's will. An enterprise is an economic unit, which cannot be at any time separated from economic control; therefore economic control is always the only central task for enterprises, because all other controls and all types of work in an enterprise cannot go on in isolation from this central task, if the enterprise has to be efficiently managed. In the past, we usually tried to carry out quality control, technical control, production control and so forth in isolation from this central task and have been going around in circles for decades under these slogans. Of course, I do not mean that quality control, technical control and so forth are not important: I only mean that they must center around economic control before they can be effective. In enterprise management, it is also necessary to stress the expansion of the decision making power of the enterprises in business management. There are thousands and tens of thousands of machinery industrial enterprises serving different consumers and with different scopes of operation, different technical and management levels, different problems and different experiences. If a single method of management is imposed on all of them in a nationwide basis, the results can only be a certain type of formalism. The industrial departments are the leading organs, and their leadership should be concentrated on matters of principle and policy. Under a unified principle and policy, the enterprises should be given a free hand in business operation.

3. The suggestion that there should be both professional management and mass management should be carefully studied.

In the past, we frequently heard of "professional management" and "mass management" and also "the combination of professional and mass management." Enterprise management is a branch of science, so the word management itself implies a professional as well as a human element. From the way it is put, however, professional management and mass management are set against each other, because, as it seems, the masses, or the human element, are not necessary for professional management, while mass management does not have to be professional. The suggestion that professional management and mass management should be strictly kept apart should be first carefully studied. This method will cause unnecessary contradictions in enterprise management and make it even more complex.

(Note 2): Elastic-plastic failure mechanics is a new branch of science for studying the strength of materials with fissures. According to this theory, materials with fissures are not as a rule unsafe, while materials with no outward defects are not as a rule safe for use.

Finite element method is a new method for analyzing stress, characterized by the splitting of structural elements into a certain number of small elements to be analyzed with a mathematical model. Generally, it involves a large amount of complex calculations with an electronic computer in order to attain maximum accuracy.

(Note 3): Theory of elasticity: For studying the relationship between the stress and strain of a structural element at its maximum strength with mathematical analysis so as to find out the law governing the stress and strain in the elemnt.

Concentrated load method: An old method for calculating stress and strain. It simply concentrates the aggregate stress on one point and therefore cannot be quite accurate.

9411
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'GONGREN RIBAO' URGES INDUSTRIAL UNITS TO INSURE SAFETY

OW290359 Beijing Domestic Service in Mandarin 2230 GMT 27 Jul 80

[Text] GONGREN RIBAO on 28 July frontpages a commentator's article entitled "Have Respect for Science, Have Respect for the Masses." It comments on the recent serious accidents resulting from directions which run counter to rules and regulations.

The article points out: Despite the divergent factors behind these accidents, the fundamental reason is the same. First, leaders of these units did not act according to objective laws and did not proceed from reality. They ventured to undertake tasks blindly which could not be accomplished or which should not have been done. Second, they totally disregarded the correct opinions and proposals of the lower levels, staff and workers. They did everything their own way.

The article says: We must use scientific methods in handling all sorts of business, particularly in developing industry. On the industrial front, however, some comrades still cherish things which have already been proved erroneous. They regard rash actions as boldness and momentary success by sheer luck as universal experience. We must no longer allow these erroneous ideas and guidance in work to continue.

The article points out: The four modernizations are a great and arduous cause. We do not know how many new situations and problems will be encountered in our advance toward this cause. What must we rely on? First, we must rely on science. Second, we must rely on tens of millions of masses with practical experience; we must rely on the wisdom and power of the masses to find solutions to overcome our problems. Without the above two things, we cannot possibly advance smoothly having respect for the masses means highly cherishing the masses, showing concern for their livelihood and insuring their safety and health during the process of production.

The article concludes: The socialist enterprises require a high level of centralization and an equally high level of democracy. Our modernization can be better achieved with further expansion of socialist democracy.

CSO: 4006

ECONOMIC JOURNAL ON OBJECT, NATURE OF STATISTICS

HK260719 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 5, 20 May 80 pp 72-75

[Article by Yang Zengwu [2799 2582 2976] of the Tianjian Institute of Finance and Economics: "My View on the Object and Nature of Statistics"]

[Text] Comrade Dai Shiguang [2071 0013 0342] wrote an article: "Actively Develop Scientific Statistics To Serve the Speedy Realization of the Four Modernizations in Our Country." (See JINGJI YANJIU, Vol 2, 1979) This article raises the question whether statistics consists of one or two disciplines. It advocates that there is only one discipline in statistics--it is mathematical statistics, which is applicable to both social and natural phenomena. It says that at present the social-economic statistics taught at the institutes of higher education originated in the Soviet Union, and it is merely the experience of some particular governmental statistical work and is not a discipline of statistical science. The question mentioned above should be taken seriously by us and should be conscientiously studied and discussed, because it is directly related to the major issues of the future development of our country's statistical science and how it can serve the four modernizations. It cannot but attract wide attention. After the question was raised, enthusiastic debates on it have been carried out at various seminars on statistical theory. During the discussions, everyone had his mind emancipated and spoke freely. This is very favorable to promoting the development of our country's statistical theory. Recently, Comrade Zou Yiren expressed some viewpoints similar to those of Comrade Dai Shiguang in his article: "A Discussion on the Nature of Statistics and Its Relationship With Mathematical Statistics." (See JINGJI YANJIU, Vol 1, 1980) In this article I will join the discussion by presenting my own views on this question.

I. Judging From the Emergence and Development of Statistics, Social-Economic Statistics and Mathematical Statistics Have Different Histories of Development and "Universally Applicable Statistics" Does Not Exist

The practice of statistical work can be traced back to governmental statistical work from the year 2000 BC. But statistical theory or statistical science appeared in the capitalist society as late as the 17th century; it gradually developed after the publication of the book "Political Arithmetic" written by the Englishman William Petty. Marx and Engels thought that to a certain extent Petty was the inventor of statistics. Nowadays, after the changes over the past 300 years or more, the social-economic statistics which serves different classes has been formed. This embodies a whole set of principles, methods and index systems of the discipline as well as the economic theories guiding these index systems. On the basis of the working class statistics founded by the proletarian revolutionary teachers Marx and Engels, Lenin and Stalin critically assimilated the useful part of the bourgeois social-economic statistics and founded the Soviet Union's socialist social-economic statistics. After the founding of the People's Republic, the Soviet social-economic statistics found its way into our country. After the development over the past 20 years or more, our country's present-day social-economic statistics has been formed.

The emergence and development of mathematical statistics has been different from that of social-economic statistics. It is a branch of applied mathematics branching off from mathematics in the course of its development. In the 18th century, the law of large numbers and probability theory in mathematics were developed. In the mid-19th century, Quetelet of Belgium applied the law of large numbers and probability theory to diverse fields of study like astronomy, physics, demography and anthropology. From then on mathematical statistics came into being and developed rapidly along with the development of production and trade in the capitalist society. Mathematical statistics mainly originated from mathematics and at the same time inherited a part (not the whole) of the fruits of social-economic statistics. Thus, it can be seen that social-economic statistics and mathematical statistics are two branches of science which have developed along different lines. Although the development of mathematical statistics enjoys very great superiority in economically developed countries, social-economic statistics has not withered away. The two disciplines have never been unified into a "universally applicable statistical science."

When discussing either the historical development or the present conditions of statistics, Comrade Zou Yiren's article does not give adequate illustrative evidence to verify the "universal applicability" of the "universally applicable statistics." In the article, nearly all the examples of the application of mathematical statistics are those in the arena of natural sciences and technology.

There are both differences and links between the two statistical disciplines. The links between or common areas of the two should first be examined from the characteristics in the object of study and nature of statistics. The object of study of statistics is the quantitative relations in a large number of things and the nature of statistics is a science of methodology. Therefore, statistics is a science of methodology that studies the quantitative relations in a large number of things. Social-economic statistics is a science of methodology studying the quantitative relations in the social and economic arenas, but mathematical statistics is mainly a science of methodology studying the quantitative relations in the natural phenomena. Certain methods of mathematical statistics can also be used to study the social phenomena within a certain scope. Second, the original meaning of the term "statistics" embodies the quantitative synthesis and collection of a large number of things. This is the way in which the primitive governmental statistical work of the earlier ages was done and in which the problems in social-economic statistics are studied. Mathematical statistics, too, cannot depart from the quantitative synthesis of a large number of things. Third, although social-economic statistics does not originate in mathematics, its specific statistical methods make use of many ordinary mathematical methods. Actually, William Petty's "Political Arithmetic" employs simple mathematical (arithmetical) methods to measure and compare social phenomena. The relationship between mathematics and one of the two statistical disciplines differs from that between mathematics and the other discipline only in extent.

The differences and links between social-economic statistics and mathematical statistics can also be observed by comparing the contents of the two. The contents of mathematical statistics include two parts: descriptive statistics and inferential statistics. Descriptive statistics mainly describes the mathematical characteristics of frequency distributions. Its aim is to provide a preliminary basis for inferential statistics. Therefore, inferential statistics, based on probability theory, is the main content of mathematical statistics and descriptive statistics is in a subordinate position. In social-economic statistics, the exposition on the whole process of statistical work is the principal content and statistical inference is subsidiary. Whether descriptive statistics or inferential statistics takes up a principal or subsidiary position in the contents of each of the two categories of statistics is determined by the specific characteristics of its object of study.

When discussing the contents of statistics in his article, Comrade Zou Yiren used the terms "statistics" and "mathematical statistics" in parallel. What does this "statistics" refer to? The article approves of the categorization of statistics into "elementary statistics" and "advanced statistics" as in the past. Judging from this, the so-called "statistics" refers to "elementary statistics" and "mathematical statistics" refers to "advanced statistics." Such a categorization is disputable. First, judging from the contents, the "elementary statistics" taught in old [illegible] universities was elementary mathematical statistics and "advanced statistics" was advanced mathematical statistics. The distinction between them is that one is the "elementary" part and the other the "advanced" part of mathematical statistics; it is not a distinction between "statistics" and "mathematical statistics." Second, consider the contents of "statistics" as mentioned in the article. The methods of collecting and analyzing data (including methods of conducting surveys, grouping data, finding means, finding deviations, correlation and so on) are actually part of the basic theories and methods in what we call social-economic statistics. A small part of its contents (for example, means and standard deviation) overlap with those of mathematical statistics, but this can only be regarded as what mathematical statistics has inherited from social-economic statistics, which has a longer history than the former. Therefore, considering the relationship between the two statistical disciplines, it is not correct to say that because "statistics" has expounded the methods of survey, it is no longer necessary for mathematical statistics to expound them once more. Actually, in the process of its own development, mathematical statistics increasingly tends to exclude the contents concerning the collection and organization of data from its object of study and tends to concentrate on using mathematical methods to draw inferences from and analyze the available experimental data. Third, apart from its basic theories and methods, social-economic statistics also includes a whole set of index-systems theories and economic-analysis methods which form part of its main body. Obviously, such contents cannot be embraced by mathematical statistics.

II. The Two Statistical Disciplines Must Be Correctly Handled

How to correctly handle the two statistical disciplines and the relationship between them directly affects the development of our country's socialist statistics and has a bearing on whether our country's statistical science can very satisfactorily serve the needs of our country's socialist revolution and construction.

A review of the past reveals that our understanding and handling of this problem has been marked by lapses. In old China's universities before the liberation, the teaching of statistics exactly followed the European and American system of mathematical statistics. It was thought that this was a unique statistical science. The question of relating it to practice was never considered. The result was that the teaching of statistics at schools was completely divorced from practical statistical work.

After the whole country was liberated, we began to learn from the advanced experience of the Soviet Union's social-economic statistics. This was absolutely necessary at that time. However, the Soviet Union's social-economic statistics also contained some negative elements. We could not distinguish these erroneous contents and copied everything from them. One very important error was to adopt the attitude of negating mathematical statistics. The result was that we only used a few rather simple statistical methods to perform computations on and analyze complicated social and economic phenomena. We ignored those problems which could have been more satisfactorily studied by using methods of mathematical statistics and other methods. This resulted in obstacles to the sound development of our country's social-economic statistics. It is now the time to break this taboo. We must endeavor to rectify the abnormal relationship between the two statistical disciplines of the past. Whenever we can apply the methods of mathematical statistics to social-economic statistics, we should boldly use them, so that we can have a greater variety of statistical methods and we can use different methods to solve different problems.

However, when breaking the taboo, we must avoid going from one extreme to another, that is, from negating mathematical statistics to negating social-economic statistics. Actually, social-economic statistics exists objectively and cannot be written off. The correct attitude should be to proceed from the reality of our country's statistics circles and to "normalize" the relationship between the two statistical disciplines so that they supplement each other and develop side by side.

There is no doubt that mathematical statistics is a useful tool for studying certain social phenomena. But it should be pointed out that the applicability of the methods of mathematical statistics to social-economic statistics is limited for the following reasons.

First, mathematical statistics is based on probability theory. Its methods are to observe the quantitative aspect of random events governed by fortuitous factors, to use statistical methods to eliminate the numerical deviations of individual events caused by chance factors and to understand the certainty inherent in a large number of events through the statistical laws concerning their development. Therefore, the contradiction, manifested quantitatively, between chance and certainty is the object of study of mathematical statistics. This contradiction generally exists in natural phenomena, and therefore in the realm of the natural sciences, the methods of mathematical statistics are widely applicable. But this is not absolutely so in the case of social and economic phenomena. Some problems contain this contradiction and can be studied with the help of the methods of mathematical statistics, for example, the survey of agricultural output, the quality inspection and quality control of industrial products, population censuses, family livelihood surveys and so on. However, the more prevalent and general situation is that the development and changes of society and the economy are more greatly affected by people's conscious activities which are governed by their class status. In our country such development and changes are to a very great extent governed by whether the state's principles and policies meet the requirements of various economic laws. For instance, when Lin Biao and the "gang of four" were running wild, the policies violated the law of the planned proportionate development of the national economy as well as other economic laws. This led to grave disproportion in our country's national economy which was brought to the brink of collapse. This situation had its inevitable causes and was not caused by accident. Another example is that the law of value states that a commodity's value is determined by the amount of necessary labor incorporated into it and that price is the expression of value in monetary terms. If the state's price policy cannot insure the exchange at equal value between industrial and agricultural products and the peasants suffer losses, then inevitably agricultural development will be hampered. Even when we examine the reasons why the enterprises at the basic level can or cannot fulfill the state's plans, we should know that what is at work are not chance factors, but some necessary causes, including subjective and objective causes. In conclusion, what often plays a dominant role in social and economic phenomena are not certain chance factors, but the necessary factors based on economic laws.

Second, the research method usually used in mathematical statistics is to design plans and conduct scientific experimentation. After repeated experimentation, inference is drawn from the available sample data and the reliability of such inference is checked. This requires that during the experimentation the environment of the object under study must be strictly controlled and the interference by those factors causing directional errors must be eliminated as far as possible to insure that the chance factors play their role. For instance, in the quality control of industrial products, only when the rules of technological production and other factors affecting normal production are strictly controlled and kept constant can the methods of mathematical statistics be used to control product quality. Such experimentation under controlled conditions is generally very difficult to perform in the general social and economic phenomena.

Third, social-economic statistics studies the quantitative relations in social phenomena under the guidance of the Marxist political and economic theory, but mathematical statistics studies the quantitative relations in the objects of study themselves. Simply studying the quantitative relations themselves can only express certain specific characteristics of the objects of study and cannot provide scientific economic analysis or theoretical explanation. Therefore, even if we study economic problems by using the methods of mathematical statistics, we ultimately cannot do our work without a theoretical economic analysis. For example, when Marx studied the fluctuation of a commodity's market price around its production cost, he affirmed the statistical regularity discovered by Quetelet. However, Marx could not dispense with the theoretical analysis of the social and economic factors affecting this fluctuation. Thus, when we use the methods of mathematical statistics to study social and economic phenomena, in the end we still cannot depart from the category of social-economic statistics.

III. Do a Good Job of Statistics Teaching and Scientific Research So That They Serve the Needs of Our Country's Four Modernizations

The present situation of statistics teaching and scientific research in our country's institutes of higher education is not satisfactory. Although great success has been achieved in our country's social-economic statistics in the sense that it has been closely linked with the reality of statistical work, yet over the past 20 years it has remained at the level of expounding the state's statistical methods and system. As a summing up of practical experience, it is deficient in theoretical generalizations, cannot become higher than practice though it comes from practice, and still cannot play the role of guiding practice as theory should. The causes of this situation are many, but the main one is the result of ignoring mathematical statistics. This in turn is attributable to the problem of our past method of and attitude to study, the problem of the supply of our country's domestic statistical documents and numerical data, the problem of academic exchanges with other countries, the interference and sabotage by the wrong line in the past and so on.

After the smashing of the "gang of four," and in particular because of the implementation of the spirit of the 3d plenary session of the 11th party Central Committee, the various problems hindering the development of social-economic statistics are gradually being solved. Statistics is developing, and both social-economic and mathematical statistics enjoy wide future prospects.

Correctly handling the relationship between the two statistical disciplines not only affects the development of the statistical science itself, but also affects the development of our country's socialist statistical work and the training of cadres who do statistical work, and consequently affects the success of statistics in satisfactorily serving the needs of the four modernizations.

Serving the needs of the four modernizations is the main task of our country's statistical work. The struggle to accomplish this task will be punctuated by many problems, both practical and theoretical. The study and solution of these problems needs the common efforts of practical workers and theoretical workers and needs the cooperation and sharing of responsibility among the government's statistical departments, the institutes of finance and economics and the statistical science research units. No single party can be equal to this task.

The job of teaching statistics in our country's institutes of finance and economics reflects the fact that the statistical profession shoulders the task of training and supplying statistical personnel at various levels to the country in a planned way. To be able to do the economic management work and statistical work well very soon after graduation, the students must simultaneously study the two statistical disciplines well while in school. In particular they must study social-economic statistics well. Modern economic management needs mathematical statistics, but mathematics is even more essential. Economic management will increasingly need a vast volume of complex and precise calculations and must rely on the knowledge of higher mathematics and computers. Mathematical statistics alone is not adequate. At present, in the programs of teaching statistics as a profession at various institutes, the teaching of certain courses has been strengthened. These courses include economic applied mathematics (including higher mathematics, operational research and so on), mathematical statistics and the applications of computers. Two main systems have been formed in the whole set-up of the professional course: one is the system of the social-economic statistics course and the other is the system of the mathematics and mathematical statistics courses. The first system is the principal one and the second the subsidiary one. This suits the needs of reality and is correct. We cannot do without either of the two or turn the principal one into the subsidiary one and vice versa. We must learn the lesson of past experiences. We must not continue to make the mistake of studying only social-economic statistics and avoiding mathematical statistics. We must also not go to the opposite extreme and study mathematics and mathematical statistics alone and abandon social-economic statistics. Only by studying both statistical disciplines and taking social-economic statistics as the principal one can we enable the students to acquire the overall knowledge of statistics which can serve our country's four modernizations.

CSO: 4006

FULL UTILIZATION OF LIAONING'S INDUSTRIAL SUPERIORITY STRESSED

Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 6, 15 Jun 80 pp 2-7, 55

[Article by Shen Yue [3088 6390], Secretary of Liaoning Provincial CCP Committee: "Fully Develop Liaoning's Industrial Excellence and Strengthen Economic Readjustment"]

[Text] Fully 1 year has elapsed since the Party Central Committee decided to carry out readjustment, restructuring, consolidation and improvement in our national economy. Our experiences over many years and our practice in the past year have convinced us that Liaoning, as one of the industrial bases supporting the whole country, must comply with these conditions: The more industrially developed is an area, the more should its industrial superiority be given play in supporting agriculture; the more highly developed is an area in heavy industry, the more should its heavy industry be given play for developing light and textile industries; the more large industrial establishments there are in an area, the more should these large industrial establishments be given play in supporting the small and medium-size enterprises; and the more predominant is the system of ownership by the whole people in an area, the greater will be the need to develop the collectively owned enterprises at the same time. For giving full play to the industrial superiority in our country, the key lies in the judicious use of energy. We must therefore promote the growth of the energy industry with particular reference to the management and conservation of energy.

(I)

In order that economic readjustment in Liaoning will be a success, we should fully develop our industrial superiority and vigorously support agriculture.

Liaoning is one of the heavy industrial bases in our country. We have built a fairly solid foundation for industry here in the past 30 years. Chairman Mao pointed out long ago that agriculture is the foundation of the national economy. Therefore, the more highly developed is the industry in an area, the greater should be the attention to the development of agriculture. Particularly in an industrial base like Liaoning, it is even more necessary to take advantage of this favorable condition to accelerate agricultural development. In the past 30 years, our province has been in the main successful in developing agriculture and the peasants in Liaoning have made their contributions to the state. The urban population is more than 30 percent of the total population in the province, and it takes on the average two peasants to support one non-agricultural person. The average per-mu output, the average per capita output, and the average amount of marketable grain handed over to the state are all above the national average. Since liberation, the industrial output in our province has increased 46-fold (including a 96-fold increase of heavy industry and a 17-fold increase of light industry), while the agricultural output has increased by only 2.8 times (including a 1.9-fold increase of grain). Therefore, agriculture does not have a solid foundation and fails to keep pace with industrial development and the rise of the people's standard of living.

There are favorable conditions for agricultural development in our province. We have an agricultural population of 22 million, 6.7 million able bodies for agriculture, more than 56 million mu of farmland, a coastline of more than 2,000 kilometers and a number of lakes totalling 14 million mu in area. With such an abundance of manpower and natural resources for developing agriculture, forestry, animal husbandary, sideline occupations and fishery, Liaoning can certainly develop its agriculture rapidly and look forward to a beautiful future, provided its industry is fully utilized to support agriculture.

In bringing the superiority of industry into play for supporting agriculture, one important factor is the promotion of agricultural mechanization, as we have been doing in the past several years. Up to 1979, the countryside throughout the province was using a total of 7,660,000 horsepower for its machinery, and had 45,000 large and medium-size tractors, 60,000 small tractors, 110,000 power-operated wells and 2,000 irrigation-drainage stations. An average of 90 jin of chemical fertilizer and 38 units of electricity was used on each mu of farmland. Since 1979, in implementing the two important documents from the Central Committee concerning the acceleration of agricultural development, we conscientiously readjusted the ratio between industry and agriculture and further strengthened our leadership over the support of agriculture with industry. In 1979, we produced some 3,110,000 tons of chemical fertilizer, an increase of 30.7 percent over 1978, including a large increase of phosphate fertilizer, which had been particularly scarce, to 367,000 tons, a 2.4-fold increase over 1978; 10,309 large and medium-size tractors, a 23.9 percent increase; and 17,067 walking tractors, a 8.5 percent increase. There was also an all time high increase of 78 percent in the production of parts and accessories for 12 types of key equipment; an increase of 28,400 kws for generating sets, a 71 percent increase; and the completion of 8,000 power-operated wells which insured the timely planting of rice in the Liao, Hun and Tai areas.

Another important way in bringing the superiority of industry into play for supporting agriculture is to help promote the development of enterprises run by the communes and production brigades in the countryside. Since the founding of the People's Republic, experiences, both positive and negative, have shown that grain production alone cannot bring prosperity to the countryside, and that industrialization must be carried out if we want to integrate agriculture with industry, sideline occupation and commerce. When the enterprises run by the communes or production brigades have prospered, the economic structure of the countryside, hitherto relying on agriculture alone will gradually in an all-round development of agriculture, forestry, animal husbandry, sideline occupations and fishery, thus laying the economic foundation for the development of small towns. In the long run, this will be of political and economic significance in gradually reducing the difference between cities and the countryside. Therefore, the commune- and production brigade-run enterprises will advance, expand and improve in the process of readjustment. In the past several years, we were not aware of the importance of commune- and production brigade-run enterprises and their development has been slow. In June 1979, however, the Provincial CCP Committee issued the "Resolution on Vigorously Developing the Commune- and Production Brigade Run-Enterprises" (12 Points) which gave an impetus to this development. In the same year, the number of these enterprises increased by 11.2 percent and their output value increased by 11.3 percent over 1978. The output value of these enterprises in Shenyang and Anshan areas increased by more than 25 percent. In 1978, the profits of these enterprises turned over to the agricultural departments, reached 380 million yuan, or 83.5 percent of state investments in our province's agriculture. Thus we can see that these enterprises have become a force which cannot be ignored.

In the past several years, our province supported commune- and production brigade-run enterprises by providing them with old equipment which had been left idle after being replaced, and helped in their development through the joint factory-commune utilization of the three wastes; the planned distribution of some products and spare parts in accordance with the program of reorganization for specialization; and assistance in improving their management. All these measures have produced fairly good results. In Anshan Municipality, we have used the resources of the Anshan Iron and Steel Company and other plants in setting up more than 20 commune- and production brigade-run industrial enterprises which include steel-rolling factories, small oil refineries, and small chemical, construction material, light and textile industrial enterprises. Now, these enterprises have taken up 20 percent of the entire labor force in the countryside. The development of commune and production brigade-run enterprises has played a great role in increasing the collective funds and in speeding up farmland capital construction and agricultural mechanization. Although we have already gained some success in developing commune- and production brigade-run industry by giving full play to our industrial superiority, many problems still remain, and we are lagging far behind other advanced regions and provinces in this respect. We are determined to learn from the advanced regions and solve these problems by achieving a unity of purpose and summing up our experiences, in order that these enterprises will continue to develop in a planned and steady manner.

(ii)

In the course of national economic readjustment, we should also take full advantage of the strong points of Liaoning's heavy industry in supporting the light and textile industries.

Liaoning is one of the heavy industrial bases in China. Here, the importance of developing heavy industry in supporting the entire country cannot be underestimated. Although the output of our iron and steel, coal, machinery and chemical-industrial and other products have been reduced through national economic readjustments, the demand on heavy industry in improving the quality of products, in increasing the products in short supply, and in supporting the agricultural and light industrial markets have increased. Therefore, instead of being lighter, the task for heavy industry has become even heavier. Both positive and negative experiences over the past 30 years have convinced us that if we want the heavy industry to develop with greater and greater results, we should also develop light and textile industries even more vigorously and rapidly. That is why in places where the heavy industry predominates, we should pay even greater attention to the development of light industry.

We have paid a high price in learning from experience. In the 30 years after liberation, the development of light and textile industries has all along lagged behind that of heavy industry, resulting in a serious imbalance between light and heavy industries. The output value of heavy industry amounted to 72.7 percent of the total output value in our province, while that of light industry amounted to only 27.3 percent. In view of the conditions which are now better than ever before, there should be further development in the light and textile industries.

In the course of national economic readjustment, we have carefully chosen some special measures for supporting light and textile industries. First, in 1979, the amount of fuel oil provided to light and textile industries was raised by 6.8 percent and the amount of electricity raised by 16.2 percent over 1978, to the highest ratios in local history. The supply of coal required was also basically guaranteed. The funds invested and the loans granted to these industries totalled 350 million yuans; the output of rolled steel was increased by 9,800 tons; and the output of timber increased by 7,000 cubic meters. In 1980, acting in accordance with the principle of "Six Priorities," we have supplied more than 90 percent of the fuel and electric power required. The supply of raw materials for these industries was also more than the shares of other trades and professions. We have basically met their requirements. In 1980, we have invested 470 million yuan, partly in the form of laons, in the development of light and textile industries. This represents an increase of 34.8 percent over 1979. Secondly, we have set up good bases for raw materials. In our province, 66 percent of the raw materials for light and textile industries came from the countryside because we have a number of rural bases for such raw materials as reeds, cocoons, cured tobacco, cotton, beetrot, fruits, leather and fur. However, supply from this source can meet only 33 percent of our total requirement. Hence the need for further construction in combination with the development of joint agricultural, industrial and commercial enterprices. In addition, we have to give full play to the superiority of our heavy industry to gradually build industrial raw material bases, and to gradually reduce our reliance on agriculture as the main source of raw materials for light and textile industries. In 1980, we decided to start 89 projects, including 36 on light and textile industries and 49 on plastics. After the completion of these projects, we will be able to increase the output value of 1.2 billion yuan with a profit tax of 160 million yuan. Starting with the three major items (such as bicycles, sewing machines and so forth), we have also decided to set up fixed supply bases of raw materials for light and textile industries so that there will be supply service on a contract basis from designated factories at designated spots. Practice has proved that the question of industrial raw materials is actually a question of support for light industry from heavy industry. Thirdly, since 1979, tens of "pairs" of heavy industry and light, textile or electronic industrial enterprises have been organized in Shenyang and Luda and "the heavy helps the light" activities have proved to be quite a success. The main purpose of these activities is to help these enterprises in bringing out their potentials, introducing renovation and making transformation, and in determining the orientation of their production. We also helped them to make molds and special equipment so that the old products will be constantly renewed and raised to higher grades, and new products will be produced in larger quantities. Besides solving their crucial technical problems and training their technical personnel, these measures have strengthened their overall management by setting up and perfecting various rules and regulations. According to statistics released by Luda Municipality, five out of the six production lines, 138 out of the 142 sets of special equipment, all the 559 molds for processing tires, and nearly 900 related spare parts requested by four bureaus of the light, textile and electronic industries are now being attended to. Experiences have shown that with the methods of "one helping another" and "several helping one," it would be practical to form a network of cooperation for heavy industrial enterprises to help light industry. Fourthly, we organized the heavy industrial enterprises in actively producing light industrial products urgently needed in the market in daily life. In 1979, our provincial machinery bureau encouraged the production of more than 60 items for daily use which were in short supply in the market, such as gramophones, electric fans, laundry machines and refrigerators. The quality of these items increased sevenfold compared with 1978. The metallurgical enterprises, such as the Anshan Iron and Steel Company also produced 174,000 tons of slender, small and thin materials for the light and textile industries.

In 1979, the total output value of our light and textile industry increased by 10.1 percent over 1978 and surpassed the 4.6 percent growth of heavy industry in the same period. In the first quarter of 1980, our light industry has also increased by a wide margin of 31.8 percent over the same period in 1979. Thus, for the first time since liberation, the growth of light and textile industries surpassed that of heavy industry. This marked the beginning of a harmonious development of heavy and light industries.

However, judging from their present conditions, our light, textile and electronic industries are still far from adequate for meeting the demand of the masses for consumer goods. Along with the rise of the standard of living for people in the urban and rural areas, the demand for light and textile industrial products has also been increased. However, our production level is still very low. In quality, 93 percent of our products have reached or surpassed the best previously attained levels, but, compared with the same lines of products by the world standards, ours are still far behind and therefore cannot be competitive. We have decided to continue the vigorous development of light and textile industries and exert our efforts in increasing the varieties and designs.

(III)

In making Liaoning's national economic readjustment a success, we must also make full use of the strong points of our large industrial enterprises in spurring on the development and transformation of the small and medium-size enterprises.

In Liaoning, there is a fairly large concentration of large backbone enterprises which play a dominant role in the province's national economy. Therefore, we must hereafter attach great importance to these large enterprises as a matter of course. However, we must not ignore the small and medium-size enterprises on this account. Although the technology of these small and medium-size enterprises are somewhat outdated and their management is relatively backward, there are too many of them to be ignored. Therefore, after being further consolidated and transformed, they can still play an important role in national economic development. According to statistics, by the end of 1979, small and medium-size enterprises amounted to 99.2 percent of the total number of enterprises; the workers of these enterprises amounted to 72.6 percent of the total number of workers in all enterprises; and their total output value amounted to 57.7 percent of the total output value in the province. From this, we can see the importance of small and medium-size enterprises to the national economy. Therefore, in giving full play to the superiority of the large enterprises, we should also strongly support the development, transformation and consolidation of small and medium-size enterprises in order to accelerate the industrial development in Liaoning.

Some people feel that since there are now so many large backbone enterprises in Liaoning, the small and medium-size enterprises are more or less negligible. Therefore, they are in favor of the "big and all-inclusive" enterprises. This is obviously wrong. In fact, small and medium-size enterprises have certain strong points which the large backbone enterprises do not possess. They require smaller investments, have a quick capital turnover, and are more flexible in the orientation of production according to the changing market conditions and the people's requirements. Therefore, in places with high concentrations of large industrial enterprises, greater attention should be paid to the full utilization of these large enterprises as an impetus to the growth of the small and medium-size ones.

in developing small and medium-size enterprises, one important way is the practice of specialization and coordination. In 1979, after conducting our study and investigations, we promoted specialization and coordination by organizing industrial experiments. We formed 167 specialized companies and general plants at the provincial and municipal levels (10 of them at the provincial level) and gained some initial success. First, we organized a large number of scattered small and medium-size enterprises to be placed under a centralized control, and thus ended any duplication of production which had resulted from the system of multiple leadership. We also helped promote production by raising the productivity. Before the reorganization, the sewing machine trade in Shenyang Municipality consisted of 28 enterprises under separate leadership at the municipal, county, area and neighborhood levels. Consequently, teir production could hardly be coordinated. After the reorganization, they all came under the unified leadership of the General Sewing Machine Plant, and a series of measures were introduced for the coordination of the production of parts, the improvement of quality and the consolidation of the enterprises. Productivity soon rose from 8.9 sets to 11.6 sets for each person in each month, an increase of 30.3 percent. Secondly, abolition of "large and all-inclusive" and "small and all-inclusive" enterprises and reorganizing them for specialized production raised the level of production and increased the economic benefits. After the establishment of the Dalian Bicycle General Plant, 94 percent of its spare parts and accessories were distributed among its affiliated factories and the main engine plant concentrated its resources on the production of large parts and on assembling. These measures not only guaranteed high quality but also increased the annual output by 61 percent and reduced the production cost by 8 percent. Thirdly, the guidance to small factories from large plants helps the latter strengthen their management. In the past, the small factories' production, technology and management were quite poor. After the establishment of the company or the general plant, some large plants helped train the key technical personnel, raise the quality of products and solve some problems in production, technology and management. Five companies in Shenyang Municipality producing steel wires, industrial pumps, valves, sewing machines and internal combustion engines selected 649 cadres to serve in the leading bodies of the affiliated enterprises or to take up key positions in their production and technical departments. These cadres ran 73 training classes for various types of personnel and management cadres attended by more than 2,000 trainees. These training classes played an important role in improving the management and raising the technical level of the small and medium-size enterprises. Fourthly, by helping the enterprises reduce the production of goods which are in excessive supply and to produce more of those in short supply, we solved some of the problems of operating under capacity. After readjustment, the Shenyang Municipality has reduced the production of general electric appliance, motors, all-purpose machine tools, which were already in excessive supply, by 28 machinery plants and increased the production of hot and cold air blowers, bits for export, and electric meters which were in short supply. Among the 2,903 items produced in the municipality, 212 of them, in excessive supply, were cut down to make up for 230 others which were in short supply. Fifthly, we set up a central control of production and a rational division of work. Formerly, the products of seven porcelain factories in Anshan Municipality were neither specialized nor refined in workmanship, and mass production was not possible. After the establishment of a company, the four factories in Haicheng County, each of which produced goods for both domestic consumption and export, were reorganized in such a way that one of them could specially take care of domestic consumption while the remaining three could produce exclusively for export. In 1979, the output of porcelain wares increased by 27.4 percent over what was before the establishment of the company, and the output for export was also increased by 26.5 percent. The production of bricks for construction was increased by 28.2 percent, and the export of this item increased by 28.9 percent. In 1978, the company lost 48,000 yuan; in 1979, it made a profit of 750,000 yuan. Sixthly, we strengthened scientific research, improved the designs, and increased the avenues for marketing. Before the reorganization, the Shenyang Knitwear Company could not solve the key problems of technology because its engineering and technical personnel and its veteran workers were widely scattered. Its products were poor in quality, limited in variety and old in style; consequently, its sales was poor. After the establishment of the general company, the technicians were organized to visit and to learn from other provinces, and the designs of the products were later greatly improved. In the past year, it trial produced 165 new products, added 482 new designs, and increased its total output value by 20 percent over the previous year.

Readjustment, transformation and improvement must be practiced in streamlining small and medium-size enterprises for specialization and standardization. This is of great importance in developing small and medium-size enterprises, because, without them, the high consumption of raw materials, high production cost and poor quality cannot be eliminated, and these enterprises will not be able to fit in the modernization drive. Particularly because of the present tight supply of fuel, electric power and raw materials are being supplied to the better units first, and the backward units will certainly be eliminated in due course. To help in the consolidation, transformation and improvement of the small and medium-size enterprises is therefore an unshirkable responsibility of the large industrial enterprises. The governments of some capitalist countries can set up special administrative organs and made special laws for the protection and support of small and medium-size enterprises. Ours is a socialist country, and enterprises of all sizes are indispensable components of the national economy. Among them, therefore, the question of "big fish eating up the fry" or any conflict of interests does not arise. That is why we should give play to the superiority of the large enterprises in helping the small and medium-size ones in consolidation and transformation and in promoting their development. In this respect, we still have to continue our study and to sum up our experiences hereafter.

(IV)

To carry out national economic readjustment in Liaoning, we should utilize the economic superiority of the system of ownership by the whole people.

In our province, collectively owned enterprises are now spread out in various trades and professions of the national economy and have become an important component of it. Practice in economic construction over the past 30 years has shown that collective economy is an important component of the socialist economy which will coexist with the economy of ownership by the whole people for a long time. It will also play an important role in the socialist modernization program. However, when the "gang of four" were on the rampage, the system of collective economy was brutally trampled underfoot, and it was not until 1978 that the industrial output under the system of collective ownership in our province showed an increase of 0.9 percent over 1977, although it was still 9.6 percent below the average growth rate in the country. At present, the output of enterprises owned by the whole people amounts to 83.6, while that of the collective system amounts to only 16.4 percent of the total output value in our province. The ratio of the collective ownership system is still very low. Since 1979, thanks to the concern of the Provincial Party Committee and the personal attention of the principal leading comrades, the "Certain Regulations on Collectively Owned Enterprises in the Cities," issued by Provincial Party Committee, aroused the enthusiasm of the workers and staff members of these enterprises, and their industrial output increased by 6 percent over 1978 (in the first half of 1979, it was below that of the same period of 1978 by 0.3 percent; in the latter half of the year, it increased by 12.1 percent). In the first quarter of 1980, it increased by 19.7 percent over the same period in 1979. This growth speed exceeded that of enterprises owned by the whole people by 9.1 percent. The measures used for developing collectively owned enterprises through the utilization of the superiority of the economy under the system of ownership by the whole people were as follows: First, we set up collectively owned enterprises by making use of the buildings and equipment left idle by, and the left-over materials from the enterprises owned by the whole people. The support of the whole people for the collectives has not only promoted the collective economy but also speeded up its production. In the past, the discarded sub-standard steel plates of a steel-rolling factory of the Anshan Iron and Steel Company were sold as scrap metal at 70 yuan a ton. Last year, the same factory opened a collectively owned factory with some 400 workers, and the discarded sub-standard steel plates were made into new materials of various specifications to be sold at 380 yuan a ton. Thus in less than 1 year, it earned for the state 2,240,000 yuan. Some workshops and equipment of the machine repair factory under the Fushun Mining Administration Bureau had been left idle for a long time and left to corrode. Since 1979, these vacant buildings and idle equipment were used for setting up seven collectively owned enterprises each of which had its own independent cost accounting and is responsible for its own profit and loss. While processing some of the products of that factory, these enterprises also got business from outside sources, and in 6 months, earned a profit of 120,000 yuan. Secondly, we formed collectively owned enterprises by combining the program of placement of youths waiting for jobs with the mobilization of units of various trades and professions owned by the whole people. There is a concentration of population in our cities and many people are seeking employment. In 1979, 877,000 people were newly employed in the province. Besides developing industry, this has also played an important role in promoting stability and unity. However, in developing collectively owned enterprises in the urban areas, attention must be paid to a clear demarcation between the two different systems of ownership so that the workers cannot mix together to "eat out of the same pot." Only thus can we encourage efforts to improve management and increase profits for the system of collective ownership. Thirdly, we develop collectively owned enterprises for serving production and providing facilities for daily living. Among the nearly 30,000 workers and staff members of collectively owned units in the Anshan Iron and Steel Company, more than 10,000 of them are engaged in serving production or providing logistic supports in daily living. We feel that hereafter, instead of running any industry that may cause pollution, the neighborhood can organize more collective service enterprises, collective commercial or other undertakings for serving urban construction so as to provide greater convenience to people living in the cities. Fourthly, the running of "joint undertakings" of both whole-people and collective ownership can further promote economic work. The Shenyang Number One Tools Plant and a district-run collectively owned enterprise set up a "joint undertaking" and increased their output by 150 percent and their profits by 252,000 yuan besides greatly raising the technical level of their workers.

We must be sure that the collectively owned enterprises have their own independent cost accounting and the responsibility for their own profits or losses. In 1979, we were fairly successful in the experiment of responsibility for profits and losses of individual enterprises instead of the whole trade, and are now planning to popularize this experience. We feel that this is the only way for the system of collective ownership to function in accordance with its own nature and to develop the scope of its activities. Only thus can such enterprises become more active. At present, there is still one more problem deserving our attention: We must overcome the habit of setting up factories blindly so as to avoid duplication in production and to strive for an overall balance.

(V)

Energy resources are a decisive factor in giving full play to Liaoning's industry superiority. In order to improve our energy industry, we must pay particular attention to the control of energy and the practice of economy.

Liaoning is among the biggest consumers of energy, and accounts for approximately one-tenth of the total national consumption. In 1979, the actual amount of energy consumed in the province was equivalent to 7,800 tons of coal. Such a high consumption has led to a very sharp contradiction between supply and demand.

For many years, the development of fuel and power industries of our province have been behind that of raw materials and the basic industries. From 1970 to 1979, the industrial output value increased by 84.2 percent, but coal production increased by only 5.6 percent. From this, we can see that the supply of energy can only be tighter instead of being more liberal in the next several years. In 1980, we will be short of 3.5 million tons of coal (for the market and the local industries), 700,000 tons of fuel oil and 3 billion units of electricity.

To increase energy source, the key lies in coal production. For a long time, however, because of the serious interference and sabotage by the "gang of four," and certain mistakes in our work, there have been five major imbalances in Liaoning's coal production: (1) The imbalance between the fading away of old areas and the development of new ones; (2) the imbalance between the speed and scope of capital construction on the one hand and the demand for coal on the other; (3) the imbalance between strip mining (opencut) and extraction from tunneling operation; (4) the imbalance between hazardous and normal mining operation; and (5) the imbalance between welfare for the workers and the development of production. Under these conditions, the Provincial Party Committee feels that within these 3 years, readjustment in coal mining should be carried out as soon as possible so as to insure its normal growth. In the case of a serious imbalance between shafts and opencut mines, adjustment should be made even through appropriate reduction of production. Work on projects for tapping the potentials of existing mines and their renovation and transformation should be stepped up and every effort should be made to maintain simple reproduction. It is necessary to speed up the construction of new shafts and to insure a continuity of work during the change-over from the old to the new mines or mining sites. The development of small local coal mines should be actively supported, and the safety factor should be strictly observed.

Energy industry requires a long construction period, and not much progress can be made in 3 or 5 years. Therefore, the key to industrial development lies in efficient energy management and energy conservation. The capitalist countries have listed energy conservation as the "Fifth Energy Source;" so we must pay attention to the rate of energy utilization and strive for increased output and higher speed through energy conservation. In 1979, energy consumption was reduced by 1.05 percent and the speed of industrial growth increased by 6.1 percent in Liaoning. In the same year, we saved 2 million tons of coal, 500 million units of electricity, 160,000 tons of fuel oil and 58,000 tons of other oil in the form of finished products. These figures reflect our achievement in energy saving and show what energy conservation can really accomplish. At present, on more than 50 percent of the products in the province, our consumption is higher than the best previously attained levels. In coal, the excessive amount was more than 1 million tons; in electricity, 300 million units. We should remodel more than 15,000 old boilers, but so far only one-third of them have been remodeled. In 1980, we must attain our targets in saving oil by 10 percent, saving coal by 5 percent, and saving electricity by 3 percent. We must conserve every jin, liang, [illegible], and every [illegible] of coal, oil, electricity, water and gas, and be ideologically prepared for this. In energy conservation, we first of all mobilized the broad masses, provided more active leadership, and formed an energy control system. Since 1979, the whole province has treated energy conservation as an important aspect of the increase-production and practice-economy campaign. The Provincial Party Committee has formed an energy leading group and designated the economic committees at various levels as the leading units in energy control. In the day-to-day handling of the energy issue, including its production, distribution, consumption and conservation; the substitution of coal for oil; and the formulation and execution of measures of energy conservation by tapping potentials, renovation and transformation, and so forth, the Provincial Economic Committee has already established an energy control section. The planning committees at various levels will be charged with the responsibility of conducting a general survey on the energy resources, working out long-range plans for annual production and conservation, and coordinating with the relevant departments in formulating an energy policy. The Provincial Planning Committee has also set up an energy planning section. The capital construction committees at various levels will take care of the development of energy industry, including capital construction and other planned projects for tapping potentials, renovation and transformation. The scientific and technological committees at various levels will be responsible for energy research and the supply of relevent information; and for organizing the experts and technicians to offer propositions for making breakthroughs. The Provincial Scientific and Technological Committee has also formed an advisory group of experts which has already offered some excellent propositions. After all, people from all quarters are now in consultation and pooling their resources. We have requested that all bureaus at the provincial and municipal levels should set up appropriate organizations for energy control including the simultaneous task of promoting production and saving energy; and that all enterprises should set up their own energy control system which will combine to form a control network. The three-level (company, factory or mine, and workshop) control of the Anshan Iron and Steel Company, and the "one network with three lines" system of the Number Two Fushun Petroleum Plant are quite successful. "One network" refers to the energy control network, and the "three lines" refer to the work process and technique line, the power system line and the planning and statistics line. Thanks to the sound system of control at all levels in the plant, 157 projects for energy savings have been carried out. To strengthen energy conservation, we have conducted a provincewide major inspection and gained the impression that without a strong leadership and a sound control system, the energy conservation measures cannot be successful. Secondly, we gave prominence to the key points and then use these points to lead the areas. In the past year, we paid particular attention to the big consumers of coal, electricity, petroleum, water and gas, such as the Anshan Iron and Steel Company, the Benxi Iron and Steel Company, the Shenyang Iron Foundry, the Dandong Power Plant and the other key enterprises which have an impact on the overall situation. The Anshan Iran and Steel Company strengthened its overall energy control, formulated 16 measures for energy conservation, and set up "four fixes" for 236 main energy consumption indices. As a result, we saved 265,000 tons of standard coal, 200,000 tons of heavy oil, and 114 million units of electricity. The total energy consumption was lowered by 3.5 percent. Our average energy consumption for each ton of steel was the lowest in the countries (that is, we produced 1.26 tons of steel with the same amount of energy used by others to produce 1 ton). The various factories of the Dandong Electric Power Plant launched a low index emulation campaign in which coal was used in place of petroleum whenever possible. As a result, 230,000 tons of coal and 120 million units of electricity were saved; the consumption of petroleum was reduced by 700,000 tons; and an additional 23.75 billion units of thermo-electricity were generated. Thirdly, we actively implemented the measures for energy conservation. In the past year, we paid special attention to the popularization of infrared radiation at maximum range for dehydration and the use of plastic materials for packing, in addition to the utilization of gangue, residual heat and other advanced techniques. In 1979, some 4 million tons of gangue were used in the comprehensive utilization program of our province, resulting in the saving of 1 million tons of coal. The province has also made use of residual heat equivalent to 1,530,000 tons of standard coal. Furthermore, we have in the same year produced 4,500 water pumps not fitted with bottom valves and saved some 50 million units of electricity. Fourthly, we combined energy saving with enterprise transformation and made full use of advanced techniques to transform the old and outdated equipment in a special effort for energy conservation. Fifthly, we strengthened the system of fixed production quota and tried out the method of economic control. To make our energy control an even greater success, we had to control our coal, petroleum and electricity as though we control our grain. In 1979, we initiated the systems of priority supply, planned supply and supply in fixed quantities as specified in the ration ticket, in trying out the economic control of energy.

In the past year, despite the success of our energy conservation program, our energy utilization rate was still very low. Therefore, the Provincial Party Committee decided to increase their efforts in energy conservation this year.

This is the crucial year to win the first battle in the four modernizations. In the first quarter of the year, the broad masses of workers and staff members on the industrial-communications front, inspired by the spirit of the Fifth Plenum of the Party, have coordinated their efforts and worked hard to overcome the difficulties caused by the shortage of fuel, electricity and raw materials and by being forced to operate under capacity. Production has steadily increased, the total industrial output hit an all time high, and 24 percent of the annual production plan has been overfulfilled. This represents an increase of 10.6 percent over the same period of 1978. In January and February, industrial profits increased by 14.4 percent and the profits handed over to the state increased by 17.5 percent over the same period of 1978.

However, many problems still remain. Aside from fuel and electric power, the main problem was that according to the plan handed down by the state, the total industrial output value (mostly of heavy industrial items) has to be less than that of 1979 by 11 percent. This problem has to be solved by two different ways: First, we have to increase the production of some items. The province has already made arrangements for producing those items under the jurisdiction of the province, while other items, controlled by the departments, will be, as we hope, arranged by the state under a unified plan.

Secondly, the regulatory role of the market will be utilized under the guidance of the state plan. However, in trying to fill the 15 percent gap in the province, reliance on increased production of light industrial goods will not be enough, and we still need to increase the production of heavy industrial goods which are now in short supply. As to the problem of fuel and raw material shortage, we will have to partly rely on our own efforts in practicing economy and partly on state aid; otherwise, the speed of industrial growth for the current year will be adversely affected. We have already made arrangements for production in the second season, and will strive to fulfill 49-50 percent of the state plan. We are determined to intensify the movement of increasing production and practicing economy and win new achievements to welcome the convention of the 12th National Party Congress.

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SHANGHAI INDUSTRIALIZATION, ENVIRONMENTAL QUESTIONS DISCUSSED

Shanghai ZIRAN ZAZHI [NATURE MAGAZINE] in Chinese No 4, Apr 80 pp 277-280

[Article by Duan Shaobo [3008 4801 0130]: "Natural Conditions Are Essential to the Reasonable Development of Shanghai's Industry"]

[Text] Man must rely on the air, sunlight, water, and food for his survival. At present, a major concern of our national life is to protect the air, water, and food from being contaminated by industrial wastes and to improve urban environmental sanitation.

Shanghai is China's oldest and largest industrial city. Before liberation, Britain, the United States, Japan, France, and other imperialist countries employed Chinese labor to build the International Settlement and the French Concession under the threat of force. They blindly built factories in Shanghai, in coordination with the monopoly-capitalists, so that they could squeeze the most profits out of China. They even thoughtlessly dumped wastewater and other pollutants discharged by factories in the International Settlement and the French Concession into the rivers, polluting the originally clean water in the Wusong River and killing fish there. The unpleasant odor from the heavily polluted water in the Wusong forced the Zhabei Waterworks to move from the Wusong riverside to the riverside of the Huangpu downstream in 1929. Since liberation, under the wise leadership of the Chinese Communist Party, the Shanghai people have strived to control the three industrial "wastes" and to protect their environment. In 1956, they covered the heavily polluted Zhaojiabang Creek with sand and built it into a tree-shaded boulevard. Since liberation, many new factories and satellite industrial communities have sprung up around Shanghai. They were built in gross disregard of the local natural environment and the objective laws governing its changes. For example, factories which have had harmful effects on environmental sanitation have been built in the densely populated upstream areas along the rivers, and toxic insecticides were excessively sprayed over crops growing on the outskirts of Shanghai, thus polluting in varying degrees the air, water, soil, vegetables, and foodgrain crops and killing the fish and other aquatic life. In 1977, Shanghai's average dustfall from the atmosphere surpassed the health hazard level by threefold. The black waters of the Wusong, Longhuakang, Yangshupu, ngkougang, and other waterways exude unpleasant odor throughout the year. Since 1964, the water pollution in the Huangpu has become so serious that the period in which the odor is diffused every summer has lengthened. In 1978, this diffusion lasted 106 days. Now the quality of water there has dropped to a new low.

Shanghai is China's largest industrial city and an important international port. To keep Shanghai clean, ways must be found to improve environmental sanitation. This article deals with plans to build Shanghai into a new industrial base and to control pollution and protect the natural environment.

1. At present, the land area in Shanghai shows no sign of sinking or submersion. On the contrary, the rivers and sea are receding and the land area is expanding. This presents a new prospect for developing Shanghai's industry.

Shanghai is located at the convergence of the Wusong and Huangpu rivers. According to geologists, the igneous rock in Shanghai consists of rock formations of the Cenozoic Era, carbonates of the Paleozoic Era, and volcanic rock of the Mesozoic Era. On top of it is a 300-meter layer of sedimentary rock of the Quaternary Period, which was formed by the action of waves, tides, and currents in the Yangtze, Huaihe, Qiantang, and other rivers. In the southwestern part of Shanghai there are over 10 bulges or domes which were formed when molten lava solidified. The remainder of Shanghai is a flat plain with an elevation of 5 meters. All rivers that flow through Shanghai have no clear watershed, their riverbeds are not steep, and their currents are very slow. This is why all pollutants dumped into the rivers cannot be easily disposed of by the action of nature itself.

During the Quaternary Period, glaciers advanced and receded three or four times. Shanghai is located at the estuary of several rivers where they empty into the sea, and therefore it has a "hypersensitivity" to the rise and fall of tides from the sea. As soon as the weather turns cold or frigid, the snow-covered area expands and the amount of river water that empties into the sea decreases. When this occurs, the sea level on the east side of Shanghai subsides, and the ancient east coastline moves farther away from Shanghai, revealing a new landmass. With the advent of warm weather, the snow thaws, flowing downriver and emptying into the sea. As a result, the sea level rises again, with the seawater moving inland and encroaching on the land area of Shanghai. Within the 3 million years of the Cenozoic Era, Shanghai's seashore advanced and receded several times. The history of the Tang and Song dynasties revealed that since 713, the first year of the Kaiyuan reign of the Tang Dynasty, the land area of Shanghai advanced 30 kilometers or more toward the East China Sea; the waterways of the Yangtze, Wusong, and Liuhe rivers had narrowed, and a number of new sandbars had emerged in midriver. In 618, Chongming Island consisted of only two sandbars. Today it has emerged as China's third largest island, covering nearly 1,080 square kilometers of land.

Hengsha Island is another sandbar approximately 100 years old. The aforementioned geological data on Shanghai indicates that during the past 1,200 years, its river water levels and coastline have continued to fall and its land area has continued to expand, with new beaches emerging along the Pudong Peninsula and in the northern part of Chongming Island. There is no sign of land submersion near the estuary of the Yangtze River or along the Shanghai coast. The reported submersion in the past was caused by the excessive pumping of underground water to the surface, rather than by any fracture in the rock formations. This situation now has been basically stabilized. A survey of water resources for industrial use, transportation along the rivers, and geological features reveals that conditions are now ripe for the development of new industries on Chongming Island and the south shore of the Yangtze. In the future, efforts must be made to dredge and remove the shoals at the Yangtze estuary and to build wharves on the south side of the river for accommodating and berthing the 50,000-ton class oceangoing ships which will bring in the industrial raw materials and carry the finished goods from Shanghai to other parts of the country and the world.

2. We must be aware of the danger of pollutants dumped into the rivers by homes and factories. New factories should be banned from the downtown area of Shanghai, as they will cause pollution.

Shanghai Municipality faces the Yangtze to the north and the East China sea to the east. There is no river flowing southeastward through Shanghai emptying into the sea. Almost all rivers, including the Liuhe, Wusong, and Huangpu, flow northeastward through Shanghai to meet with the Yangtze where they empty into the sea. The Wusong, flowing at a velocity of 10 cubic meters or more, has a limited capacity to purify itself, while the Hunagpu, which flows at a velocity of 400 cubic meters per second, almost more than 20 times faster than the Wusong, is better able to purify itself. But the dumping of pollutants has increased to the extent where it has passed the limits of the two rivers' capacity to purify themselves. This means that they are all heavily polluted. Water is plentiful along the 6,380-kilometer-long Yangtze River. At its watershed, it flows at a velocity of 32,620 cubic meters per second, nearly 80 times faster than the Yellow River. In other words, the Yangtze's capacity to purify itself is astonishing. But efforts still should be made to control the dumping of wastewater, in order to preserve the quality of water at the estuary of the Yangtze and to protect its aquatic life. It is anticipated that a greater amount of fresh water will be needed by Shanghai when new industries arise in the days ahead. For this reason, I suggest to the Shanghai Municipal Planning Department that the new pipeline carrying industrial wastes to the Yangtze through Baoshan County be diverted to change its course eastward across the Huangpu River so that it can dump pollutants into the East China Sea. The aim is to control water pollution in the Yangtze. I also want to suggest to the Ministry of Water Conservancy and Electric Power that when it pumps water from South to North China, it properly and strictly control the flow of water from the Yangtze to the Yellow and Haihe rivers, especially at a time when the water levels drop during the dry season. A pumping station set up in Jiangdu County, Jiangsu

Province, is pumping water through a long pipeline from the Yangtze downstream to the Yellow and Haihe rivers. If the water being transported from South to North China is not properly controlled during the winter dry season the water level in the Yangtze is bound to drop and tidal waves from the sea will move upstream, causing the quality of water in the aforementioned rivers and even Dingshan Lake to deteriorate, thus endangering the aquatic life there. Although in recent years the amount of water pumped from Jiangdu to North China is not too great, the Shanghai people have already tasted salty water during the winter season. For example, when the high tides flooded the Huangpu in February 1979, the chloride content of the water rose to a dangerous level. Consequently, the drinking water became salty and unsafe for use by homes and the food industry, and the quality of products turned out by the printing and dyeing industry was affected. Under the impact of the steering force produced by the earth's daily rotation about its axis, and under the influence of cold waves that hit the east coast of China every winter, the roaring waves at the estuary of the Yangtze can carry sand and pollutants as far as Hangzhou Bay and the coasts of Zhejiang and Fujian Provinces and deposit them there. For this reason, measures must be taken to prevent industrial wastes dumped into the estuary by Shanghai factories from polluting the Shengsi and Zhoushan fishing grounds and aquatic life along the Zhejiang coast.

The river system divides Shanghai into upstream and downstream areas. Population concentrates in the downstream area, where homes and industrial and agricultural enterprises consume an enormous amount of fresh water daily. It must be pointed out that pollutants released by homes and factories in the upstream area can contaminate the water in the downstream area; contaminants dumped into the rivers by people in the downstream area can also be carried upstream by tidal waves from the sea. When the Yangtze swells and there is a northeasterly wind every summer and autumn, pollutants dumped into the Huangpu and the Wusong usually linger at their mouths, because the amount is now beyond the rivers' capacity to purify. The aggravation of water pollution in Shanghai is also caused by the low velocity of water flowing in the aforementioned rivers and the short range between the incoming and outgoing tides. At present, pollution in the Huangpu and the Wusong has reached alarming proportions. Although the quality of water in the Yangtze estuary area can temporarily be maintained because of its greater capacity to purify itself, the water of unpleasant odor dumped by people in the downtown area of Shanghai still can be carried upstream by high tides even as far as Mishidu and Huangdu. It will stay there until the tides ebb, carrying part of pollutants downriver and emptying into the Yangtze. In other words, the tides have also been responsible for spreading and aggravating pollution in Shanghai. Because the incoming tide runs faster than the outgoing tide from the rivers in Shanghai, pollutants now clog and sedimentation is taking place in the rivers, thus creating bad ecological effects on the life of Shanghai. This means that in the future, pollution-prone factories should be banned from the downtown area of Shanghai as well as its upstream area, and steps should be taken to reclaim and recycle industrial wastes. To prevent new factories from polluting the environment and to keep the amount of waste matter within the limits of the rivers' capacity to purify themselves, new industrial complexes in the future should be built in the suburbs far away from the downtown Shanghai area.

3. It is necessary to take advantage of changes in wind direction and speed in developing Shanghai's industry.

While developing industry, we must pay attention to the local geological structure, geographical features, hydrological factors, and effects of wind direction and speed on the development of indistry. Around Shanghai is a vast plain laced by rivers where no high mountains stand in the way of prevailing winds. For years, Shanghai has registered no discrepancies in wind direction and speed recorded by the Longhua Meteorological Station at the center of Shanghai from 1956 to 1972. This information indicates frequency of wind direction, average velocity of wind, and coefficient of pollution, recorded for Shanghai during that period. The number of alternations in wind direction that occurred in a given period is called the frequency of alternations in wind direction, indicated in the form of percentage points. In any area where the frequency of alternations in wind direction is great, people will be exposed to a great deal of pollution. In areas where the frequency of alternations in wind direction is less, they will be exposed to less pollution. Shanghai is located in an area where a southeasterly wind prevails during the summer and a northwesterly wind blows during the winter. For most of the year, Shanghai is dominated by these two prevailing winds. Less frequent in Shanghai is a northerly wind, and least frequent is a southwesterly wind. Factories in any windswept area of Shanghai are bound to spread pollution and affect life elsewhere in the city. In other words, factories should be banned from areas southeast or northwest of the Shanghai downtown area. To prevent smog from prevailing over Shanghai, no factories should be built in the area between Chuansha and Nanhui districts, located southeast of the populous area of the city. In the past, Shanghai Municipality has made it a policy to ban pollution-prone factories in the locality southeast of its residential area but has ignored the need to extend the same policy to the district northwest of its residential area. This is why heavy smog now hangs over the densely populated area--a smog caused by pollutants released by factories in Pengpu, Daopu, Nanxiang, Beixinjing, and Anding and spread by prevailing winds every winter. These factories also have continued to dump pollutants into the Huangpu and the Wusong year after year. This is the reason why no new factories that might further pollute Shanghai's environment should be built in the upstream area of Shanghai in the future. An analysis of wind direction shows that Shanghai's future new industrial complex should be located in areas southwest or northeast of residential communities. In other words, it should be built on either side of the prevailing winds. The most ideal industrial site is in the southwestern part of Shanghai, because the prevailing winds are not heading in that direction and therefore will not carry pollutants to the residential areas. Now under construction are the Shanghai General Petrochemical Plant in Jinshanwei, west of Shanghai, and a housing project for workers east of it, with a green belt between. This is indeed a relatively reasonable arrangement.

Pollutants released by factories can be carried by the wind. Although smoke particles discharged by factories can cause the level of air pollution to rise, they can also be dispersed into the atmosphere by the strong prevailing winds. The amount of pollutants released by smokestacks located in Yangpu, Putuo, and Wusong has increased and aggravated air pollution in the nearby densely populated area, where the frictional force or drag produced by the earth's surface is great and winds usually move more slowly than elsewhere in Shanghai. But smoke particles can easily be dispersed over the estuary of the Yangtze and along the east coast of Shanghai, where the frictional force is small and the wind velocity is high.

In Shanghai Municipality, the level of pollution will rise in proportion to the frequency of alternations in wind direction and will decrease in proportion to the rising velocity of wind. The level of pollution in various windswept areas can be indicated in the form of coefficient of pollution in relation to wind direction and speed. For example, the greater the coefficient of pollution, the more serious the damage done to the windswept areas. When the wind calms down and its speed reaches zero, the coefficient of pollution will become infinitely great, causing the level of pollution in areas in the neighborhood of factories to reach a new high. In view of this, it is advisable to build factories in areas where the coefficient of pollution is smallest so that nearby communities will not suffer from air pollution. In designing industrial construction, we often refer to a rose-shaped map indicating coefficient of pollution. An observation of this map shows that the areas in Shanghai that indicate the maximum coefficient of pollution are in an eastsoutheasterly direction, and the areas that indicate the minimum coefficient of pollution are in a southwesterly direction. Housing projects should be designed in a way that all doors and windows face south. If we thoughtlessly build factories in an area eastsoutheast of Shanghai, in violation of the objective laws, city dwellers will be exposed to serious air pollution. If new factories are built in areas southwest of Shanghai, the people will be exposed to less serious pollution. But new industries are still required to take measures to prevent liquid pollutants from contaminating the drinking water in Shanghai. Generally speaking, housing projects and schools should be built in less-polluted upstream and uphill areas, and industries in downstream and downhill areas. Light, meter, and instrument plants which do not contribute to pollution can be built in the neighborhood of the housing projects and schools, while railways, airports, and factories which cause serious pollution should be located far away from schools and housing areas.

4. Build factories in areas near the estuary of the Yangtze and along the north shore of the Hangzhou Bay, where nature's potential to purify itself is great.

Pollutants released by Shanghai's 9,000 factories have produced a grave effect on its environment. Water contaminated by industrial wastes in the Huangpu and the Wusong has created an unpleasant odor noticed by people in Shanghai. This contamination has also resulted in a lowering of the quality of water for use by homes, industry, and agriculture. This serious consequence stems from the poor planning for industrial development, gross disregard of the need for environmental protection, and failure to control industrial wastes over the past century. Today, no new factories should be allowed in the overcrowded downtown area of Shanghai. Pollutants dumped by factories have reached an alarming proportion, threatening people's health. We must insist that effective measures be taken by these factories to control their industrial wastes. If they refuse to do so, they should be ordered to change their products or merge with other enterprises or move away from Shanghai. In the future, new factories which contribute to pollution should be banned from the upstream area of the Huangpu and the Wusong and from areas southeast and northwest of Shanghai, although industries which do not contribute to pollution can still be built in areas west and northwest of Shanghai. Dingshan Lake and Longhua District west of Shanghai should become an area of tourist interest.

While efforts are being made to develop industry rapidly, ways must be found to protect the environment of Shanghai from being polluted. Our plan is to build Shanghai into an industrial and foreign trade base known for its advanced science and technology. While doing so, we must first conduct geological, hydrological, and meteorological surveys and analyze local natural conditions and laws governing their changes as well as their effects on the development of industry in Shanghai. Only in this way can we overcome unfavorable factors and take advantage of favorable natural conditions to accelerate the development of industry in Shanghai. Shanghai has a large population which crowds into an area of only 6,192 square kilometers of land. When building new factories, we must survey all possible sites, compare them one by one, and select localities where disadvantages can be outweighed by advantages.

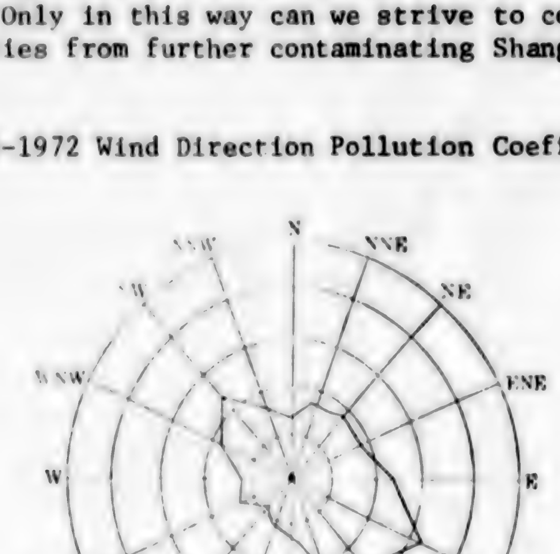
In short, Shanghai should make sure that large factories which are built far away from its populated areas and along the coast of the estuary of the Yangtze and the north shore of Hangzhou Bay.

Shanghai is a strategically important port of call for all ships along the Yangtze River and China's largest port city. It relies on other parts of the country for raw materials, and supplies the markets at home and abroad with finished industrial goods. The Yangtze River flows southeastward to empty into the East China Sea; this is the same direction of the prevailing winds during the summer and winter. If factories are built on Chongming, Changxing and Hengsha islands and along the south shore of the Yangtze, they can enjoy easy access to shipping services and rich water resources, and can easily dispose of their industrial wastes in the turbulent and windswept Yangtze River. Although the waterway between Congming and the north shore of the Yangtze is becoming shallow, and the land area in the northern part of Chongming is expanding, threatening to cut off its access to fresh water and transportation, the waterway between Chongming and Baoshan County, which includes Changxing and Hengsha islands, is wide and deep and affords easy access to fresh water and shipping facilities. Land areas on both sides of this waterway can provide suitable sites for building a giant industrial complex consisting of steel mills, manufacturers of coke, refractory materials, and cement, and shipyards. A joint enterprise organized in this way can enjoy many advantages. For example, the industries can take concerted action to solve problems in production, economize on the multipurpose use of raw materials, cut down on operational expenses, and take joint measures to control their industrial wastes. Housing projects can be built for workers in the northern part of Chongming Island and along the south shore of the Yangtze. Furthermore, green belts and public parks can be built between the industrial complex and the housing areas in an effort to control pollution and protect the people's health. These proposed industrial sites are located in lowlying areas, which must be filled in and reinforced before construction gets underway. Dikes must be built to protect them from sea floods.

The present coastal area of Shanghai, from Nanhuizui westward to the north part of Hangzhou Bay, is new land reclaimed from the sea over the past 300 years. The high salt content in the water and soil has rendered it unsuitable for the development of agriculture. But this sparsely populated and windswept area far from populated Shanghai is an ideal site for industry, because it will not contribute to pollution. More tidal land should be reclaimed there so as to open up a new prospect of economic development.

During the past 50 or 60 years, Shanghai Municipality has been shrouded in smog and its rivers have been heavily polluted. Any plans for developing industry in Shanghai in the future should take into account its natural conditions. Any industrial development projects should be accompanied by plans to build housing units for workers, schools for their children, and shopping centers. Only in this way can we strive to control pollution and prevent new industries from further contaminating Shanghai's environment.

Shanghai's Longhua 1956-1972 Wind Direction Pollution Coefficient Rose-Shaped Map



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EXPERIMENT IN EXPANDING DECISION-MAKING POWER OF ENTERPRISES REVIEWED

Beijing YINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 6, 15 Jun 80 pp 13-16, 51

["Management Restructuring Forum" column by Lin Ling [2651 0407] of Sichuan Provincial Academy of Social Sciences: "Experiment in Expanding Decision-making Power of Sichuan's Enterprises in the Past Year"]

[Text] Basic Conditions Since the Expansion of Decision-making Power of Enterprises in the Past Year

The expansion of decision-making power of enterprises in Sichuan began in the fourth quarter of 1978. Of the 100 experimental enterprises, 84 are locally run industrial enterprises, and the rest belong to the communications, postal and telecommunications departments. The purpose of the experiment is first, to help Sichuan's enterprises forge ahead along the road of the four modernizations; and second, to explore the avenue for the restructuring of economic management. In selecting these enterprises for experiment, we had to consider their trade and professional affiliations as well as their qualifications. They must have good leading bodies and have been consolidated; and their production, supply and marketing must be fairly regular.

After 2 or 3 months careful deliberations under the personal guidance of the leading comrades of the provincial party committee, the various departments reached a common understanding and worked out a unified plan of experiment which became the subject matter of a document to be relayed to the lower levels from the Provincial Party Committee. The plan of the experiment consists of 14 points and the seven important ones provided that: (1) The enterprises are permitted to produce more goods to meet market demands and to undertake the processing of customers' materials after fulfilling the state's production plan. (2) The enterprises are permitted to sell materials, the products not procured by the commercial departments and new trial products. (3) The enterprises are permitted to appropriate funds from profits--3-5 percent from quota profits and 15-25 percent from above-quota profits--provided the eight targets set by the state have been fulfilled. (4) The enterprises are permitted to retain 60 percent of the depreciation funds. They can keep the profits--earned through developing new technology, new work-process and new equipment with their own money--for 2 years instead of handing them over to the state immediately. These profits, combined with the major repair funds, can be used on tapping potentials and renovating and transforming their equipment. (5) The enterprises are permitted to draw 17 percent of the total standard wage funds to be used as production bonus, provided the eight targets have been fulfilled. (6) The enterprises are permitted to promote cadres at the intermediate levels without approval from the higher authorities. (7) The enterprises are exempted from the payment of interest on the circulating funds within quota, but have to pay low interest rates for circulating funds above quota, and high interest on funds required because of over-stocking.

Last year's experiments have been quite a success. Judging from their economic effects, we can see great improvements in output, output value, quality, varieties, profits made and profits handed over to the state, as compared with the previous year and with the nonexperimental enterprises. The total output value of these 84 enterprises in 1979 increased by 14.9 percent over that of 1978, and by 120 percent over that of the nonexperimental enterprises. The profits handed over to the state increased by 24.2 percent over the previous year and nearly doubled that of the nonexperimental enterprises. Many brand name products, new products and new designs came from these experimental enterprises. More important still, the expansion of decision-making power of the enterprises has led to a series of qualitative changes. Compared with economic benefits, these changes are of even greater significance for the following reasons:

(1) The expansion of decision-making power of the enterprises has transformed these enterprises from units which produce strictly in accordance with state plans to units with their own innate power to engage in both production and business operation. Because of the economic readjustment in 1979, many enterprises had to operate under capacity. According to the former system, the enterprises could get along as long as they can fulfill state plans. Since they have now greater decision-making power and can enjoy their own economic benefits, however, they can take the initiative in marketing their products, in trial producing new items and in strengthening their management in order to increase their profits. As a result, their roles have changed from passive to active, and they have become "strong organic bodies full of vitality."

(2) Increased decision-making power for the enterprises has somehow provided the economic conditions for self-development. Instead of simple reproduction, these enterprises, as organic bodies capable of self-propagation, are now able to undertake expanded production through self-reliance. In the past, this could not be permitted in practice and was the subject of theoretical debates. In 1979, we made full use of our own funds for expanded reproduction, for tapping the potentials of the enterprises and for renovating and transforming their equipment for the enterprises' economic benefits. All contradictions between transformation and production can be resolved by the enterprises themselves, and the old enterprises can be transformed

and developed. The funds for tapping potentials and the renovation and transformation of equipment come from three sources: 60 percent of the depreciation funds; the major portion of enterprise funds; and the retained profits resulting from the "three new's" [new technology, new work-process and new equipment] carried out with the enterprises' own funds. According to the statistics of 53 enterprises, more than 38 million yuan were spent on tapping potentials and renovating and transforming equipment, and the profits realized in 1979 totaled 9.9 million yuan.

(3) The expansion of decision-making power of enterprises has brought about a closer relationship between the interests of the state, the enterprises and the individuals on the basis of developed production and increased benefits. It has also enabled the workers and staff members to play the role of masters and provided a material foundation for the enterprises to actually manage their own affairs. This means democratic management which were not practical in the past for two reasons: First, they had no power; and second, they had no benefits. After the expansion of their power of decision-making, the enterprises can be more active in the following five respects: In doing part of the planning; in marketing part of their products; in sharing profits; in using their own funds for expanded reproduction; and in the use of the bonus fund. The interests of the enterprises and the workers and staff members are now linked together. In 1979, our profits were generally distributed in two different ways: First, based on the total profits. The planned profits of the 100 enterprises was 490 million yuan and the profits realized was 640 million yuan, an increase of 150 million yuan. The state's share of the total profits was 92 percent; the enterprises' was 6.5 percent; and the individuals' was 1.5 percent. Second, based on the increased portion of 150 million yuan. In this way, the state's share was 65 percent; the enterprises', 28 percent; and the individuals', 7 percent. The latter method was more suitable, because it encouraged the workers and staff members to practice careful calculation and strict budgeting, to economize on the use of materials, and to be concerned with the enterprises' business management, sales and trial manufacture of new products. They are now more united, more observant of disciplines, more keen to learn and more eager to make progress. More than 80 percent of the experimental enterprises have held workers' congresses. The workers and staff members attached great importance to the election of basic level cadres, because they actually carried out their duties as masters of the enterprises.

(4) The expansion of decision-making power of enterprises has given full scope for the leading cadres, the management and the technical personnel to demonstrate their wisdom and ability. There is now creativity in enterprise management and socialist entrepreneurs are emerging. In economic accounting inside the enterprises, many of them have practiced independent cost accounting with responsibility for their profits and losses. Among them, for example, are the Chengdu Measuring and Cutting Tools Plant and the Zigong Dongxin Electric Carbon Plant.

In the course of experiment, somebody raised these questions: (1) "Will the localities and individuals get more at the state's expense after the adoption of the profit sharing system?" As experiences in 1979 have shown, most of the increased portion of profits were handed over to the state, and thus the state revenue was not reduced at all. As to the portion remaining for the enterprises, 50 percent of it was used on tapping potentials and in renovation and transformation of equipment; about 30 percent used on collective welfare; and about 20 percent on individual bonus. Only slightly more than 7 percent of the increased portion of profit were used directly on individual bonus, while about 80 percent of the portion left for the enterprises was used on expanded reproduction and collective welfare. Formerly, these expenses were paid by the state. The local authorities do not gain anything at all, because their job was only to pass on the state whatever was handed in by the enterprises under the system of unified state handling of revenues and expenditures. They can have a share only of the above-quota revenues. (2) "These 100 enterprises have always been good ones; even without the expanded decision-making power, their profits would have increased just the same." This statement seems logical. However, the expansion of the decision-making power did further increase their profits. It must also be noted that even enterprises with a poor foundation have increased their profits after the expansion of power. (3) "Among the 100 enterprises, only a few big ones showed big increases while the rest did not show much." This was a fact. Among the 84 enterprises, the profit rate of 12 of them was 30 percent or more and the total amount of their profits accounts for 63.8 percent of the total profits of the 84 enterprises. However, we feel that this was not caused by the expanded power but rather by certain extraneous factors, such as pricing and technical equipment. (4) "Did the experimental enterprises enjoy some special treatment?" The production plan formulated by the state for the enterprises generally kept them operating under capacity. In fact, the state was calling on the enterprises to "look for their own rice to cook their own meals."

Experiments Supply an Objective Basis for Proper System Restructuring

The expansion of the decision-making power of enterprises has had a strong impact on the present restructuring of the economic management system. First, it has broken down certain conventions and given play to the regulatory role of the market in the following manners: (1) It has exploded the theory that the law of value cannot play its regulative role in production. In the past, plans were worked out by the state and relayed to the lower levels. The enterprises had no right to participate in the planning. The state plan for the enterprises were generally not enough to keep them operating at full capacity, and the designated products were not all wanted in the market. Under such conditions, the enterprises had to work out their own supplementary plans according to market demand. Some of these plans accounted for 10 percent, others 20 percent, and still others as high as 40 or 50 percent of the output value, averaging 20 percent for all the industrial enterprises in the province. Thus the law of value has made a big step forward in regulating production. Practice in the past year has shown that there are two "demands" on which production is based, namely, the demand of state plan and the market demand. The future planning system may follow this formula: Enterprises planning = state plan + supplementary plan worked out by enterprises according to market demand. (2) It has exploded the theory that the means of production are not commodities, and initiated an experiment in using the means of production as commodities. There are mainly two methods in doing so: First, the system of requisitioning from enterprises to material departments is changed to that of ordering goods from the production departments. Instead of requisitioning once or twice a year, the enterprises can now place their orders any time of the year. Secondly, goods fairs are held for different trades and regions to provide direct contact between production and marketing. Both the producer and the buyer are now occupying equally important positions in the socialist commodity system for free transactions. The material departments will only play the role of organizing, introducing and providing services, and the means of production will automatically become commodities. (3) It has broken down the convention that socialist enterprises cannot compete with one another. In the past, materials were distributed by the state; now, with their independent economic benefits, the enterprises are free to select what they want and competition is encouraged among the enterprises producing the same line of goods as an incentive to improvement in quality, varieties, prices and services. Soon after the expansion of their decision-making power, some enterprises offered three guarantees, namely, guarantee for repairs, guarantee for replacement and guarantee for refund on goods returned. Following the start of the competition, "three guarantees" were increased to "six guarantees," including the guarantee for installation and operational adjustments, guarantee for training the operators, guarantee for complete sets, guarantee for the supply of spare parts, and so forth. Because of competition, improvement of quality, increase of varieties, reduction of production costs, and better services were what the enterprises strived for on their own initiative. Competitive also prompted the readjustment of the enterprises, because some enterprises, unable to compete with others, have willingly changed their lines of production. (4) It has broken down the old convention that prices cannot be changed. In addition to a reduction of prices of the means of production, the competition has also brought about some seasonal price differentials.

Furthermore, the expansion of the enterprises' decision-making power has given an impetus to the restructuring of the system of circulation. The system of a single-channel supply by the material and commercial departments is now gradually replaced by the system of circulation through many channels, mainly through the material and commercial departments. In the system of material circulation, the following changes have taken place in Sichuan: (1) In addition to state monopoly for purchase and distribution, there will be purchasing and marketing through agencies and by the enterprises themselves. (2) A circulation center for the means of production (a retail service department for the means of production), is now being established in Chengdu for the enterprises to display their products for sale, and to serve as an agency for purchasing and marketing. In this way, there will be a centralized source of economic information on materials which is much welcomed by the enterprises. (3) The administrative channels for the circulation of materials will be replaced by economic channels. The enterprises can procure their materials in places convenient and economical to themselves and are free from the restrictions of affiliations and regional barriers. (4) The material departments will be run as enterprises. They can offer better service to the enterprises by setting up supply points within a reasonable radius to form a material supply network.

There has also been quite a big change from the commercial point of view. Replacement of the old conventions of state monopoly on purchasing and marketing in the forms of selected purchase, negotiated purchase and negotiated marketing permits the basic level stores to order their goods directly from the local factories or to buy their goods from outside factories and wholesale dealers. This may pose some threat to the local industry. However, it can also promote local industries by reducing the intermediate links and the incidental expenses.

The above changes were brought forth by the expansion of decision-making power of the enterprises. This may turn out to be a prelude for the restructuring of the whole system of management.

Further Action Is Required in Solving Problems

(1) Preparation for further development after the expansion of the enterprises' decision-making power. What will the enterprises ultimately become after the expansion of their decision-making power? This is a question of relationship between major restructuring and minor adjustments. In our opinion, the expansion of the enterprises' power can include three stages: First, expansion of their decision-making power, particularly in the sharing of profits; second, independent cost accounting with the responsibility for their own profits and losses; and third, the organization of enterprises to form a mighty productive force on the basis of voluntary participation and mutual benefits and in accordance with the principle of specialized cooperation. These three stages cannot be clearly demarcated, but this does not interfere with our experiment in independent cost accounting with the responsibility for profits and losses and specialized cooperation. For enterprises with the responsibility for their own profits and losses, these three forms of tax can be considered: Industrial-commercial tax, fixed asset tax and income tax. When the enterprises have paid their taxes, the state will be no longer concerned with their profits and losses. At present, the focus of restructuring the economic system should be on the expansion of the enterprises' decision-making power so that these enterprises can be more active. Specialized companies should be established gradually at various levels as required by the growth of production. These companies should not be imposed on the enterprises through administrative methods. After the establishment of companies, the affiliated enterprises should continue their independent cost accounting instead of eating out of the same pot in the companies. The specialized companies can take various forms.

We must not carry out "six unifications" and close the plants at the very mention of establishing a company. Even a capitalist country has several companies under a highly monopolized system; how can we afford to have only one of them? The silkworm cocoon trade, for instance, can organize several companies in our country, and these companies can develop through competition under the guidance of the relevant central departments. We feel that the light industrial plants using agricultural products as raw materials should be close to the source of raw materials as a matter of principle, and part of the proceeds from their processing should go to the peasants. The scissor difference between industrial and agricultural products is still large. The first method of reducing this difference is to raise the prices of agricultural products; the second, to lower the prices of industrial products; and the third, to give part of the proceeds from rough machining to the peasants. In establishing specialized companies at all levels on a nationwide basis, care must be taken to avoid any disruption to the cooperative relationships already formed in various places, particularly in the big cities, and the economic results should be also carefully considered. We have a huge area and communication is not convenient. Specialized companies must therefore be set up in convenient locations.

(2) Strengthened planned guidance for market regulation. The regulative role of market gives the enterprises their flexibility and initiative and is a strong impetus to the national economy. However, it can also lead to blind action by inducing the enterprises to be concerned with immediate gains without any regard for the future, or to be concerned with partial gains by neglecting the whole. It may even lead them to the practice of unethical dealings. At present, planned regulation is urgently required in four different aspects: (1) a long-range plan for the enterprises; (2) effective guidance in the orientation of the enterprises' investments in tapping potentials, in renovating and transforming the required equipment, and in obtaining a balanced supply of materials, energy, transportation, and other facilities from outside sources, all of which should be reflected in our plan; (3) the flexible use of the economic levers for guiding their development in the direction as required by the state; and (4) the constant summing up of experiences and the gradual formulation of a set of rules so that there can be active administrative intervention in the event of any deviation from the socialist road or any detriment to the state's economic interests.

(3) Restructure the economic leadership to suit the new conditions following the expansion of the enterprises' power. It is particularly necessary for the departments in charge to study the laws of changes after the expansion of the decision-making power, and their work should gradually shift to service, overall planning, coordination and supervision.

(4) Restructuring the management of enterprises as required by the expansion of their decision-making power. The former management, the mentality and styles of business operation, the structural layout, and personnel disposition were all based on a highly centralized economic system. After the expansion of power for the enterprises, it is imperative that restructuring

be carried out in at least these respects: (1) The mentality of enterprise operation must be changed. In the past, the enterprises served only the state, and their job was considered completed as soon as the products were delivered to the warehouses. Now they are serving the consumers. (2) Part of the plans of the enterprises are based on market conditions. To forecast market conditions, market investigations must be conducted, and a number of organizations have to be set up for studying the scientific methods of forecasting to promote sales. The plants are feeling an urgent need for this work. (3) Research on the manufacturing of new products is required. In the past, trial production according to state requirements was very time-consuming. The regulative role of market demands that new products be available in the market with the minimum delay. A special research organ for manufacturing, staffed by a special scientific research and designing force should be set up. For this reason, the consolidation of enterprise management alone is not enough, and restructuring must be carried out along the following principles: (1) Restructuring of enterprise management must be based on the recognition of the enterprise as an independent producer of socialist commodities, in order that its production and management can be carried out according to the law of value. (2) Restructuring of enterprise management should be in accordance with the principle of planned regulation and market regulation so that the system of management can be flexible and easily adaptable to the needs of the state and the market. (3) Production and business management of a restructured enterprise should be under the centralized and unified command of a plant director with the participation of workers and staff members in management and the support of a strong party leadership. It will then have a leadership system suitable for socialist and specialized large-scale production. (4) Enterprise management must be restructured in accordance with the requirements of the modernization drive by strengthening the basic work and scientific management and by adopting economic and modern management methods.

Summing Up Experiences for Further Restructuring

A problem which has become prominent after the expansion of the decision-making power of enterprises is the uneven distribution of economic benefits among the enterprises. At present, the economic benefits of the enterprises are reflected in profit-sharing. Sichuan has adopted several different methods but they all have a common problem, namely, the difficulty of an overall reflection of the business result. In 1979, 84 enterprises had an average of 21.4 percent profit rate. The rates for different trades are: 36.1 percent for chemical industry, 24.5 percent for forestry, 23.8 percent for machinery, 20 percent for light industry, 12.4 percent for the second light industry, 11.7 percent for building materials, but loss for coal. Some enterprises had 51 percent, and others had only 2.39 percent.

The huge differences in the profit rates are mainly attributed to the following three factors: (1) Irrational pricing which has remained unadjusted for a long time. Generally, the prices of primary products are set too low and those of processed products are set too high. (2) Difference in technological equipment. New equipment imported from abroad helps raise labor productivity and lower product cost. Ordinary enterprises cannot have these advantages. (3) Difference in conditions of natural resources. Because of the difference in external conditions, the system of profit-sharing cannot completely reflect the result of their business operation on an equitable basis. For the time being, adjustments can only be made in the proportion of sharing and the amount of bonus for individuals. However, this is still no basic solution to the problem. The only way is to further restructure the pricing and taxation systems.

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TIANJIN REPORTS RESULTS OF '79 ECONOMIC PLAN; OUTLINES '80 GOALS

Tianjin TIANJIN RIBAO in Chinese 26 Jun 80 p 3

[Excerpted text of speech by Guo Chunyuan [6753 2504 0626], Vice Chairman of the Tianjin Revolutionary Committee and Chairman of the Planning Committee; "(Excerpts from) A Report on the Tianjin 1979 State Economic Plan Results and the Draft of the 1980 State Economic Plan. A Speech made on 25 June 1980 at the First Session of the Tianjin Municipal Ninth People's Congress"]

[Text] Fellow Representatives: I have been entrusted by the Municipal Revolutionary Committee to report to the Congress on the Tianjin 1979 State Economic Plan results and on the draft of the 1980 State Economic Plan. Please give it your careful consideration.

I. The Results of the 1979 State Economic Plan

The year 1979 marked the first year the entire nation turned its work emphasis to building socialist modernization and also is the first year of thorough implementation of policy adjustments, reforms, rectification and improvements. Under the leadership of the Party Central, the State Council, the Municipal CCP Committee and the Municipal Revolutionary Committee, all people of Tianjin, in conformance with the spirit of the Third Plenum of the 11th Party Central Committee, the Fourth Plenum and the Second Session of the Fifth People's Congress to liberate thought, start the machinery and struggle together, made great efforts to carry out the 1979 State Economic Plan and made great contributions toward carrying out the adjustment of the national economy in Tianjin. New achievements were obtained on all battlefronts.

(1) Industrial Production

Industrial production attained a relatively rapid pace of development and relatively good economic results. In 1979 the Tianjin industrial total production value reached 17.5 billion yuan, a 101.4 percent fulfillment of the plan and a 9.4 percent increase over the previous year's production. The speed of development in light industry and the textile industry was accelerated, reaching a 19 percent increase during the last six months of 1979 and surpassing heavy industry. The state transmitted production quantity plans for 73 major industrial products, and this was 86 percent fulfilled. The plan called for the city to check the quality of 100 products, and this was 93.9 percent completed. In public ownership industries the personnel labor productivity rate reached 18,318 yuan, a 9.3 percent increase over the previous year. There was a 2 percent decline in the cost of comparable products manufactured in local state operated industries. There also was initial success in energy and raw materials conservation.

There also was relatively good plan fulfillment in railway, highway, inland waterway, coastal and overseas transportation; ports handled 12.7 million tons, a 12.9 percent increase over the previous year; the postal and telecommunications services increased their total quantity by 7 percent over the previous year.

(2) Agricultural Production

In 1979 the total production value of agriculture reached 1.35 billion yuan, a 15.9 percent overfulfillment of the plan, and a 20.6 percent increase over the previous year. The total production of foodgrains reached 2.77 billion jin, a 16.8 percent increase over the previous year. The total production of oils reached 301,900 dan, a 50.9 percent increase over the previous year. Sheep raising increased 18.2 percent over the previous year; hog (figured as pork) purchases increased by 17.5 percent over the previous year; fresh egg purchases increased 1.1 times over the previous year; milk production increased 14.2 percent over the previous year; fresh vegetables marketed increased 5 percent over the previous year. The production value of farm village sideline occupations increased 23.5 percent over the previous year. Individual incomes in agricultural collectives increased by an average of 145 yuan per person, 17.9 yuan higher than the increase of the previous year. With the additional income from household sideline occupations, the livelihood of the peasants shows a relatively good improvement. The economic results of the experimental agricultural-industrial-commercial integrated complexes of the the state operated farms are very good.

(3) Capital Construction and Municipal Construction

Tianjin capital construction investment reached 1.88 billion yuan, fulfilling the plan by 123.7 percent, and increase of 23.3 percent over the previous year. Completion of new housing construction reached 2.06 million square meters, 1.4 times more than the previous year.and equal to one fifth of all housing constructed in the 30 years since founding the state.

Reconstruction of earthquake damaged housing totaled 120,000 houses. The proportion of investment in such non-production construction as housing, municipal construction, educational and hygiene construction was raised from 17.9 percent in 1978 to 29 percent in 1979. There was an increase in the supply of running water and a decrease in the area of low pressure water supply. There was new construction in sections of commercial networks. A number of treatment projects of poisonous and dangerous industrial wastes were completed.

(4) Foreign Trade Exports and Domestic Commerce

In 1979 Tianjin made new breakthroughs in foreign trade; our purchases of industrial-agricultural-commercial products for export reached 1.53 billion yuan, a 138.2 percent fulfillment of the plan and a 36.5 percent increase over the previous year, creating foreign exchange worth 486 million U.S. dollars. The port of Tianjin exported goods totaling 1.22 billion U.S. dollars, a 41.2 percent increase over the previous year, and there were initial developments in processing incoming materials and compensatory trade. There also were new developments in the tourist industry. Local non-trade related foreign exchange income reached 11 million U.S. dollars, a 79 percent increase over the previous year.

The city's domestic trade purchases reached 5.72 billion yuan, completing the plan by 105.9 percent, an increase of 10.1 percent over the previous year. Retail sales of social goods reached 3.8 billion yuan, fulfilling the plan by 1.2 percent, a 12.3 percent increase over the previous year. Town and country marketplaces were lively with brisk buying and selling, and with greatly increased sales of high and middle grade goods.

(5) Scientific and Educational Facilities

Of the scientific research projects in Tianjin, 87 percent of those in the plans were completed. The city's scientific research institutes were restored and strengthened by the process of adjustment and rectification. During the past year, 142 projects attained outstanding scientific and technological results, and many of these were of a relatively high caliber.

The city's educational facilities underwent rectification and also had new developments. Students attending the city's institutions of higher education numbered over 28,000, which in numbers alone restores the scope of 1965. Another 30,000-plus people also studied at the Broadcasting and Television University, the Broadcasting Correspondence University and the July 21 University. The quality of all these schools has been improved. There are new developments in sparetime education; over 14,000 of the city's scientific and technical personnel are taking advanced training, and over 360,000 people attend sparetime middle schools.

Sanitation, cultural and physical training facilities all have new developments.

(6) Labor and Wages

During the year, there were great accomplishments in filling labor positions. The year's labor force resources consisted of 500,000 people, and except for 28,000 people entering school or joining the military, 290,000 people were hired or replaced retired workers, and almost 80,000 people were placed in organized production or livelihood service facilities. This is the largest annual amount of people starting to work since Liberation, and of the 370,000 people, 280,000 were city and town youths awaiting employment. This was very useful in promoting settled unity in Tianjin and in developing collective labor facilities.

In 1979, the plants and enterprises carried out a reward system and the average wages of staff and workers in the public ownership enterprises reached 780 yuan, an increase of 79 yuan over the previous year.

(7) Family Planning

The municipal natural population increase rate is 8.64 per thousand, a decrease of 0.56 per thousand from last year.

The results of the Tianjin implementation of the state economic plan have been fully explained. The line, direction and policies of the party and government are correct and we have achieved great success. Nonetheless, there are a number of areas where our work has not gone well, and some plans are not adequately suited to the real conditions. During the first half of last year, our understanding of new changes in the Tianjin marketplace was insufficient; solutions for problems which occured between industry and commerce in carrying out the plan were too slow, which influenced advances in light industry production; industrial products were of inferior quality, with high levels of waste, and there products without suitable sales targets; all of which are fatal flaws. Some village policies were not carried out and farm production levels were low and unstable. The construction rate of capital construction was low and some pivotal projects in the plan were not completed. On every battlefront management is still quite backwards and on all levels of leadership, teams are not properly responding to the needs of the four modernizations. After we cadres who are engaged in economic work made the transfer to emphasing economic work, our ideology could not keep up with developments in the situation. We must study anew, incessantly liberate our thoughts, study the new conditions, solve the new problems, and sincerely sum up experience in order to make our work even better and more lively and speed up development of economic construction.

II. The 1980 State Economic Plan

This year, 1980, is the first year of the new decade. We must firmly hold to implementation of the line, direction and policies formulated by the Party's Third Plenum, Fourth Plenum, Fifth Plenum and the Second Session of the Fifth People's Congress. We must wholeheartedly throw ourselves into the four modernizations under the leadership of the state plan, thoroughly utilize our advantageous conditions, give vent to our superority, promote our advantages and avoid our shortcomings, and continue to carry out all-round adjustment, reform, rectification and improvement of our direction. We must perform well in all tasks of the economic work assigned to our city.

(1) Industrial Production

The total industrial production value planned for 1980 is 18.9 billion yuan, an increase of 8 percent over 1979, and of this the production value of light industry is expected to increase by over 10 percent.

According to the plan transmitted from the State Planning Commission, the quantity of production in light industry and the textile, electronic and electric power industries should be relatively great over that of 1979. For example, 2.85 million bicycles, a 15.6 percent increase; 1.85 million watches, a 12.5 percent increase; 370,000 sewing machines, a 13.7 percent increase; 525,000 [measures] of cotton yarn, a 3.2 percent increase; 180,500 television sets, an increase of 1.2 times; 6.5 billion kilowatthours of electric power, a 15.2 percent increase. For agricultural support products: 57,000 dun of chemical fertilizer, an increase of 7.3 percent; 8,500 tractors, an increase of 4.8 percent. Products of the raw materials industries should be more suitable to the needs of the processing industries and the construction industry, and there should be plans for increased production to provide extra materials serving agriculture, light industry and the construction industry. Under the leadership of the plan, machinery products should fully utilize the role of adjustments in the marketplace, actively adjust the direction of services, strive to produce export products, provide better services for agriculture, and aid technological reformation in light industry and the textile industry. There should be new achievements made in energy conservation, with firm actions to convert oil burning furnaces and stoves to burn coal, and efforts to accomplish savings in coal, fuel oil and electricty. Labor productivity rates for all personnel in all public ownership enterprises should be raised by over 4 percent. Costs should be reduced by 2 percent, with an effort to reduce them by 3 percent. The amount of circulating capital funds should be reduced by 3 percent. We must continue to exert great efforts to carry out adjustments in the enterprises.

(2) Agricultural Production

While striving to have a good foodgrains harvest, we must also strive for continued relatively rapid developments in animal husbandry, aquatic products cultivation, forestry, and industrial side line occupations. In the spirit of providing for unseen circumstances, the planned production total calls for 2.7 billion jin of foodgrains and 300,000 dan of oils, which is below the actual 1979 figures, but the implementation will struggle for overfulfillment. The plan calls for raising 1.8 million hogs, equal to the 1979 figure; 54,000 head of cattle, an increase of 9.7 percent over 1979, and of these 8,000 are to be milk cows, an increase of 21 percent; 34,000 dun of aquatic products, and increase of 4 percent over 1979; afforestation should reach 766 hectares; the quantity and variety of vegetables should be improved and there should be a marketplace balance. There should be continued initiation of diversified management, and authorization for the existence of diversified management-style operations. The public ownership system should be enlivened somewhat; commune members and collectives should be encouraged to raise hogs, cattle, sheep, rabbits, marten, chickens and ducks, fish and shrimp, and make full use of scattered plots and natural resources.

Implementation of the agricultural production plan first depends on policy and then depends on science. There must be deep commitment to the spirit of implementing the Party Central's two documents concerning the development of agriculture. There must be respect for the autonomy of the production brigades. Starting this year, the agriculture plan will only transmit the required quantities of major products and will not transmit a plan for acreage to be sown, but will let the brigades arrange production to suit local conditions and make reasonable adjustments in overall crop arrangements. Purchases of agricultural products will gradually move toward a contract system. In profit distribution attention must be paid to retaining funds for production development, and the principle of distributing according to one's labor must be strictly observed. There must be continued good work in conducting natural resource studies, strengthening agricultural science research, and the building of improved farms, fodder processing plants and nurseries.

(3) Capital Construction and Municipal Construction

In 1980 the state adjusted the proportional relationship between accumulation and consumption, thus reducing the battleline in capital construction. Including earthquake reconstruction investment, Tianjin capital construction investment is planned at 1,161,110,000 yuan, which is 24 percent less than the investment arranged for 1979. This year, however, each kind of capital construction loan and technology support capital funding has been increased, so the actual scope of investment will reach about 2 billion yuan, which still is quite a lot. Nineteen large and middle scale projects have been included in the state plan, the petrochemical fiber plant will be given a trial run and the Chentangzhuang 10,000 dun aquatic products cold storage facility will be finished and put into operation.

The 1980 distribution of capital construction investment, except for that directly arranged by the central government, will be employed according to the following principles: 1. In agricultural investment there will be an improvement in the proportion given to local investment. 2. Light industry and the textile industry will be placed in a superior position so that the total amount of investment in these, including capital construction loans and capital funds for technology measures, will exceed the amount for last year. 3. Investment for earthquake damage reconstruction, with an emphasis on housing. Earthquake reconstruction capital of 303 million yuan has been set aside for the whole year, and in addition the Ministry of Finance has arranged for another 80 million yuan of earthquake reconstruction capital funds. 4. There should be a bit more "gravey." This year the completed housing construction planned for is still 2 million square meters; public use buildings should be added to, making three story buildings to house people. There are plans for additional 11.06 dun of running water supplies, with additional water mains 38 kilometers in length, 18 kilometers of additional roads, one more permanent bridge, and an additional 5.1 hectares of park and greenland. Environmental protection projects should be strictly carried out.

(4) Foreign Trade Exports and Domestic Commerce

The 1980 state plan calls for Tianjin export purchases worth a total of 1.64 billion yuan, but, in order to expand exports, early this year we transmitted a plan calling for purchases of 1.87 billion yuan. Our target is 20.3 billion yuan, including non-foreign trade foreign exchange, which should total 700 million U.S. dollars, an increase of about 40 percent over last year.

The planned domestic commerce purchases total 60 billion yuan, an increase of 4 percent over last year. Planned Tianjin retail sales of social commodities total 3.47 billion yuan, an increase of 12.7 percent over last year.

There must be continued price stability. We must strengthen commodity price management, protect the general situation of settled unity, and strictly carry out the state's pricing policy.

(5) Scientific and Educational Facilities

Tianjin has 14 major scientific research projects for 1980. Our citywide educational facilities will make developments. The higher education institutions admissions plans call for 6,922 students, an increase of over 1,400 more people than last year. Of these, branch campuses plan admission of 540 students. Secondary vocational schools plan admission of 7,390 students, slightly fewer that last year, but only because some secondary vocational schools became vocational colleges this year. Technical schools plan admission of 8,730 students, slightly more than last year. There will be planned adjustments in the structure of secondary school education, as some secondary schools will become vocational schools.

(6) Family Planning and Municipal Population Control

There must be a continued firm grasp of family planning. The 1980 Tianjin plan for the natural population increase rate is 7 per thousand. We must sincerely and thoroughly carry out all policies and regulations regarding family planning formulated by the state, encourage parents to have only one child and strictly control repeat births. There must be efforts to perform well in the plans for family planning surgical operations and drug supply and to provide health protection for mothers and infants as well as social insurance and support for the elderly.

There must be strict control of the municipal population and, except for the implementation of government policy and production building essential to the strength of the scientific and technological core, there must be firm controls on movement of personnel to Tianjin from other places.

(7) Labor Employment

The Tianjin 1980 labor force resources total 400,000 people. Labor employment, retirement, education and military training will take care of 155,000 people, while the rest await processing through the following arrangements: 1. Energetic development of neighborhood collective commerce, food and drink business, repair services and social service facilities necessary to the mass livelihood, as well as capital construction maintainence, moving, transportation and other labor service organizations. 2. Placement in staff and labor positions of young men and women awaiting employment by public ownership units operating in the collective economy. 3. Readjustments of family factories and implementation of resignation and retirement systems. 4. Initiation of collective ownership joint operation enterprises. 5. Continued operation of educated youth work brigades with local countryside work for educated youths already married. 6. To convenience mass livelihood there should be development of some parts of the individual economy. In short, we will use an assortment of policies and measures, adjust forces in all areas, and employ all tactics to permit the year by year buildup of people awaiting employment to gradually find placement, and for those who cannot quickly be placed, make preparations to organize them for studies which will facilitate placement in positions of employment.

At present, our municipal political and economic conditions are very good. January through May total industrial production value completed the year plan by 42.7 percent, a 17.1 percent increase over the same period last year. In agricultural production, the quality of spring planting was very good. Spring tree planting and afforestation work proceeded quickly and with good results; by early April this year's planned tasks were over 90 percent completed. Because last fall was relatively dry and the weather this spring was abnormal, the summer grain and vegetable crops were affected, so we must struggle energetically to increase the fall grain harvest. Foreign trade purchases increased by 44.6 percent over the same period last year. Domestic commerce purchases, sales, transfers, and accumulations all increased; the marketplaces were all lively; financial income estimates completed 42.5 percent of the year plan, an 15.6 percent increase over the same period last year. All this has laid a solid foundation for fulfillment or overfulfillment of this year's plan.

In addition, the State Council has already given permission for an increase of our capital funds for restoration of earthquake damage and for reconstruction and strengthening of municipal construction within the next three years at 820 million yuan per year (including 200 million from our own funds). From now on we must firmly grasp regulations, planning and all the specific, prepatory pre-construction work.

This year our economic work still has one important task, the formulation of the outline of a long-range plan in preparation for composing a detailed, long-range plan next year. This April, the leading comrades of the Party Central and State Council summed up the positive and negative experiences of the last 30 years, making a pertinent and thoroughgoing analysis of China's actual conditions and set very specific targets in formulating the direction and policies of a long-range plan regarding the goal of Chinese-style modernization and the path toward realizing that goal. They repeatedly urged us to thoroughly understand the special and outstanding features of our district and our departments, to give vent to our advantages, avoid our shortcomings, learn to operate according to economic laws, pay strict attention to economic results, strive to achieve an overall balance, avoid making excess demands, avoid the foolishness of making excessive demands for balanced growth or forming one's own system as were made in the past. These directives are of great leadership significance in helping us formulate a long-range plan; they provide a method for determining tasks, developing the direction and composing the plan; for the comrades in the economic departments this is a whole new topic. Tianjin is a seaside, old industrial city, and after 30 years of construction has equally developed both light and heavy industry and has a comprehensive industrial base with relative completeness in all categories and over one million industrial workers. There are major petroleum and ocean resources for developing chemical industries. We are near the national capital, and historically have been a commercial port with joint land and water docks. We have a relatively long history of foreign trade and are a major collection and dispersal point for North China's material resources. Following the development of foreign trade and a socialist commercial economy, the usefulness of a commercial city is daily more obvious, and finance and tourism facilities will also develop. In our city of over 11,000 square kilometers in size, there are over 7 million mu of farmland, as well as great expanses of undeveloped mountains and land, water, and beaches, all of which can be developed for farming, forestry, animal husbandry or fishery. The port has specially favorable conditions for expansion; the perimeter of the seawall and embankments also has extensive areas of undeveloped land with very few people which can be developed for export processing areas or other import-export service facilities. By making complete use of these facilities and giving vent to our superority we can build Tianjin into a new city of agricultural and industrial unity, economic prosperity, culture, cleanliness and beauty and make a great contribution toward building the four modernizations in China.

11582
CSO: 4006

ECONOMIC PLANNING

GANSU OFFICIALS ATTEND GANNAN PREFECTURAL WORK CONFERENCE

SK280742 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 27 Jul 80

[Summary from poor reception] "According to our sources, the Gannan Tibetan Autonomous Prefectural CCP Committee and the prefectural people's government recently held a work conference to implement the guidelines of the CCP Central Committee's directive on the work in Xizang and to strive to expedite the development of the prefecture's economy and culture. Attending the work conference were leading comrades of the provincial CCP committee and the provincial people's government, including Song Ping, Li Dengying, Ge Shiying and Li Qiyang."

Participants sincerely discussed ways to expedite the economic and cultural construction of the whole prefecture and set forth concrete measures for promoting the material and cultural lives of the people of various nationalities in the prefecture.

"The conference noted that in order to expedite economic and cultural construction in Gannan Tibetan Autonomous Prefecture, efforts should be made to earnestly implement the party's policy on the regional autonomy of minority nationalities. After obtaining permission from the higher authorities, people in the prefecture can refuse to implement or can implement in a flexible way the stipulations, directives and suggestions that are not in conformity with the actual conditions in the Gannan Tibetan Autonomous Prefecture. In addition, authorities concerned will soon formulate, according to legal provisions, a number of concrete regulations and decrees suited to the local characteristics of minority nationalities." In regard to production, it is necessary to resolutely implement the policy centering on the development of animal husbandry and to relax restrictions on economic policy. The system of responsibility should be popularized in the pastoral areas. Poorly developed communes and brigades can be exempted from the grain procurement task.

The conference also called for efforts to develop nationality education and scientific, cultural and public health undertakings. It also stressed the necessity of training and selecting minority cadres and striving to achieve the goal of having some 60 percent of Tibetan cadres in the ranks of prefectual, municipal and county level leading bodies in 2 to 3 years. In addition, efforts should also be made to strengthen the party leadership, rectify the party's workstyle and raise the party's fighting capability so as to ensure a smooth advance of the four modernizations.

CSO: 4006

ECONOMIC PLANNING

HUBEI MEETING DISCUSSES INDUSTRY, COMMUNICATIONS

HK280248 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Jul 80

[Text] The Hubei provincial economics committee held a provincial conference on industry and communications from 15 to 22 July. The meeting concentrated discussions on the questions of how to emancipate the mind, relax the policies and enliven the economy. The meeting held: We must mainly rely on policies to enliven the economy. We must base our work on reality and on benefitting the interests of the state, the enterprises and the workers, and carry out a number of innovations under the general state policies and principles, to solve in a truth-seeking way difficulties existing in enterprise production development.

The meeting also conveyed and implemented the state economic commission's [words missing due to transmission break]. The meeting demanded that the province get a prominent grasp of the following points in industry and communications work in the second half of the year: 1) firmly embrace the idea of quality first, strengthen the technological foundation and management work, and raise the quality of the province's industrial products to a new level; 2) strengthen control of energy and continue to implement measures for saving energy, to achieve still greater success in this respect; 3) Continue to promote regulation by market mechanism, open up various avenues and further enliven production; 4) strengthen leadership and further perfect trial-point work in expanding enterprise self-amanagement rights; 5) continue to do a good job of straightening out the enterprises, vigorously strengthen ideological and political work, strengthen the democratic management of enterprises, and rely on the workers to run the enterprises well; 6) make good preparations for next year's production.

Zhang Jinxian, member of the standing committee of the provincial CCP committee and vice governor, presided at the meeting. Han Ningfu, secretary of the provincial CCP committee and governor, delivered a summation. Wang Qun, deputy secretary of the provincial CCP committee attended the meeting.

CSO: 4006

QINGHAI URGED TO TURN OUT MORE GOODS FOR MINORITY PEOPLE

OW251031 Xining Qinghai Provincial Service in Mandarin 1100 GMT 24 Jul 80

[Report by station reporters: "Quickly Do a Good Job in Production and Supply of Commodities in the Province's Areas Inhabited by Minority Nationalities"]

[Excerpt] With the development of the economy, herdsmen's living standards have been improved. As a result, the demand for articles for use by people of minority nationalities has been growing with each passing day. However, the production and supply of such commodities are still far from meeting the growing demand. According to the departments concerned, the following main problems exist in this regard:

1. Commerce departments in our province have failed to pay attention to supplying articles for use by people of minority nationalities. Their organizations in this regard are not sound, and the varieties of commodities they carry are very few.

2. Shops carrying articles for use by people of minority nationalities are few in number, and they are shorthanded. In the province's areas inhabited by people of minority nationalities, there are now 624 shops carrying articles for use by minority people, (?a slight increase over) the number of such shops before the Great Cultural Revolution. But they still cannot meet the needs of the minority people.

3. The production of commodities for use by minority people has developed very slowly in the province. As far as the overall situation in the province is concerned, the production of commodities for use by minority people has actually dropped. The production of some commodities which used to be produced on a considerable scale has either stopped or decreased. The reason is that enterprises producing such commodities do so at a loss because of the rising prices of raw materials.

The production and supply of commodities for use by minority people are an important component of the national economy, a matter of great importance which concerns the improvement of the living standards of the people of various nationalities and the promotion of unity among all nationalities. It is therefore necessary to do quickly a good job in the production and supply of commodities for use by minority people. Local governments at various levels must effectively strengthen their leadership in this regard. The departments concerned should set up special organizations to regularly inspect work and solve problems in this regard. The [words indistinct] company should establish and improve its rules and regulations, assume responsibility for the supply of commodities for use by minority people and implement the policy on (?the distributions of such commodities).

CSO: 4006

HENAN'S DUAN JUNYI PRAISES COUNTY FOR SIMPLIFYING ORGANIZATIONS

OW252030 Beijing XINHUA Domestic Service in Chinese 1225 GMT 25 Jul 80

[Excerpts] Zhengzhou, 25 Jul--Linru County, Henan Province, has reformed its industrial and communications management system, simplified the administrative structure, reduced the staff and increased work efficiency.

There are comparatively more industrial and communications enterprises in Linru County, and county-run industries and commune and brigade industries have a total output value of more than 100 million yuan. In the past, there were overlapping leading organizations and too many administrative levels. There were seven bureaus in charge of industry and communications on the county level alone.

In early May this year, with the approval of higher authorities, Linru County reformed its industrial management system. With the exception of the postal and telecommunications bureau, its abolished the former county industrial and communications office and the six other bureaus under it. A county economic commission was established to take up the work of the former industrial and communications bureaus. The county economic commission is both a government administrative organization and an economic organization of a combined-business nature. It has manpower, financial and material resources and the right to make its own decision in production, supply and marketing. It has under its jurisdiction a coal industry supply and marketing company, a second light industry [er qing gong ye 0059 6535 1562 2814] [The second light industry produces sundry goods for daily use, art wares, furniture, plastics, hardware and so forth] company, a pharmaceutical company and a communications and transport company.

Obvious results have been achieved since the industrial management system was reformed in Linru County 2 months ago.

In early July, Duan Junyi, first secretary of the Hunan Provincial Party Committee, was in Linru County, and when he listened to reports by the county party committee's principal responsible comrades, he praised them for what they did.

CSO: 4006

JOURNAL ON THEORETICAL QUESTIONS ON SOCIALIST ECONOMY PUBLISHED

Foreword Noted

Beijing SHEHUIZHUYI JINGJI DE RUOGAN LILUN WENTI [SEVERAL THEORETICAL QUESTIONS CONCERNING THE SOCIALIST ECONOMY] in Chinese May 79 pp 1-6

[Text] The essays in this collection except the last four, were all written before the Great Cultural Revolution. Most of them had not been published. However, on the eve of the Great Cultural Revolution, when Chen Boda [7115 0130 6671] was editor-in-chief of RED FLAG, most of the essays were targets for criticism; published as "internal drafts" in the Editorial Department of RED FLAG. During the Great Cultural Revolution, some were reprinted as "criticism material." Most of the essays in this collection were reprinted based on the four volumes of the "internal drafts" reprinted in Shanghai.

I wish to mention my gratitude to a comrade of the editorial staff of RED FLAG. When Chen Boda ordered him to publish the "internal drafts" as criticism material, he did not follow Chen's intentions to abridge my essays. Instead, he reprinted the original texts and preserved the original features of my essays. Moreover, in his "Editor's Notes," he called me Comrade Sun Yefang [1327 0396 2455]." Because of this, not only was he condemned by Chen Boda at that time, but later was criticized during the Great Cultural Revolution

I also wish to thank an old comrade-in-arms from Shanghai. During the Great Cultural Revolution, she risked the danger of being criticized to preserve the four volumes of the "internal drafts" reprinted in Shanghai. Moreover, in 1976, before the "gang of four" was smashed, she gave these books to me as a present to celebrate my release from prison. (During the Great Cultural Revolution, I was arbitrarily imprisoned for 7 years by Chen Boda and the "gang of four.") Lastly, I have to thank many comrades of the Institute of Economics who took risks to preserve my articles not included in the "internal drafts." (Except for "Chairman Mao's Expositions on Laws of Value Should Be Fully Understood.") At that time, many writings, including the "internal drafts," whether kept by the Institute of Economics or by private parties, were ordered to be burned. I have to express my special gratitude to comrades Lin Qingson [2651 7230 2646] and Lin Quanshui [2651 3123 3055] who edited this collection and collected some of the articles.

Early in 1964, 2 years before the Great Cultural Revolution, based on the articles selected in the "internal drafts," Chen Boda criticized me as the "greatest revisionist of China." Later, Lin Biao, Chen Boda, and the "gang of four," based on these articles, "granted" me the title of the "greatest revisionist element in Chinese economics circles." I advocated "placing planning and statistics on the foundation of the law of value." I emphasized the importance of the circulation process in socialist economics of today and tomorrow. In my research report entitled "The Profit Target in the Management System of the Socialist Planned Economy," I stated that under the conditions when prices were determined by the costs of production, profit was a comprehensive index to examine the quality of the management of enterprises. I advocated expanding the rights of the enterprises. I advocated to basically shift the jurisdictions of assets depreciation and equipment renewal down to the interprises of the lower level units. Because of the above viewpoints, I was labeled as one who "put the revisionist's profits in command" and who advocated "autonomy of the revisionist enterprises."

Now, the law of value of the socialist planned economy, the socialist profits, and the expansion of the enterprises jurisdiction encompassed in the categories and management principles of the socialist economy advocated in my essays have been recognized by more and more practitioners of finance and economics and economic researchers. The fact that I republished these articles does not mean I consider myself in the right or that the opinions expressed in these articles are 100 percent correct; no one is 100 percent correct. On the contrary, in "We Should Justly and Forcefully Grasp the Socialist Profits," (see page 346 of this book) I already examined: "In my 1963 research report 'The Profit Target in the Management System of the Socialist Planned Economy,' under the influence of Chen Boda and Zhang Chunqiao's [1728 2504 2890] opposition of 'material stimulus' and denial of distribution according to work, I conclusively disapproved of the reward system and enterprise reserve fund. I advocated turning in the entire profits to the authority. This was wrong and harmful to the acceleration of production." This is left deviation. But this is the only wrong viewpoint that I already recognized. Are there any wrong ideas that I am not aware of? More important is that even the basic argument of some of my articles is correct, but is the way I treated them completely appropriate? For example, the law of value in the socialist planned economy is not longer regarded as the capitalist law of value, nor is the law of value regarded as a revisionist viewpoint; but is it that an economic law works only when merchandise is preserved for the purpose of exchange or the law of value always works so long as socialized mass production exists as I adhere to? Furthermore, even if the law of value is an objective economic law to be respected, is the treatment of "placing the planning and the statistics on the foundation of the law of value" good? All these questions have not reached a consensus yet in economic circles; they require further study.

During the Great Cultural Revolution, under the conspiracy of Lin Biao, Chen Boda, and the "gang of four," I was criticized twice through national media. But the criticism did not touch upon the above viewpoints except to give me labels. My "left thinking" in which I refuted the monetary reward system and enterprise preserve fund, due to obvious reasons, was never criticized. Therefore, the main purpose of publishing these articles is in the hope that the practitioners of finance and economics and economic researchers begin a discussion on the theoretical viewpoints brought up in these articles. Furthermore, I hope they will criticize and repudiate* my errors. I will, with the attitude of adhering to truth and correcting errors, study this problem together with the comrades of economic circles.

Finally, in passing, I have to explain one thing. In a speech delivered at a symposium sponsored by the Chinese Academy of Social Sciences on the "Two Estimates" cooked up by the "gang of four," (see REMIN RIBAO, 16 Mar 1978 p 3) I mentioned my report on cumulative rates prepared in 1963. This report is not in the collection because this report is missing. It is missing because some of the viewpoints therein attracted the serious attention of the late Premier Zhou and Comrade Li Fuchun [2621 1380 2504], Chairman of the National Planning Committee. Comrade Li even wrote some comments on this report. In 1964, when Chen Boda labeled me as the "greatest revisionist," Comrade Li Fuchun was still in charge of the National Planning Committee. Therefore, this report was not included in the "internal drafts." This is so-called "fortune gained through disaster" and, in turn, "fortune" caused "disaster." If Chen Boda had not regarded my articles as "criticism material" and had not published them in the "internal drafts," these articles and reports would have been destroyed or lost. As for the report on cumulative rates, because Comrade Li Fuchun regarded this an important report and attached comments to it, it was not included in the "internal drafts" and was finally lost. What was discussed in the report still has practical significance today. I will briefly talk about its content from memory:

In 1963 (or 1962) at the meeting on national planning convened in Beidaihe, many speakers analyzed the causes of the great difficulties over the 3 years. In addition to natural disasters and to Krushchev who withdrew the Russian experts, the speakers still attributed the problems to the high cumulative rate in those years. Therefore, some people again brought up the formula made up by the Russian political economic textbooks such as that the cumulative rate should not exceed 25 percent of the people's income.

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*Piping and pipan are one and the same. To my knowledge, they are the same term in European languages. If my memory is correct, the term "pipan" was adopted by Guo Moruo [6753 3106 5387] 20 years ago when he translated Marx's "Criticism on Political Economics." This is a foreign term. In Japanese, there is only "pinglun" or "pipan," no "piping." Master Guo adopted the Japanese-translated name of the book. I think it is a good idea to use the Japanese-translated name. Who will criticize without using his own judgment? But, for a long period of time, we have given different content to these two terms of "piping" and "pipan" as if, between comrades, piping is welcome and pipan is improper; as if "piping" is in the cognitive category and "pipan" is a question of viewpoint. Therefore, one can refuse to accept "piping," but not to accept "pipan" would be unforgivable because "pipan" leaves no room for defense. In fact, this was the evil influence caused by undemocratic or anti-democratic practice under the semi-colonized and semi-feudal societies. In the capitalist courthouse, the defendant could defend himself and could still appeal after a verdict was reached. Why, then, in discussing a social science problem, is only criticism allowed but not counter-criticism. This is really strange!

For this, I wrote a report to Comrade Li Fuchun. I used an arithmetic formula to prove: If the increase rate of consumption fund does not exceed the increase rate of agricultural production (let the two be 5 percent), the increase rate of industrial production exceeds the increase speed of agricultural production (let it be 15 percent), and if all the difference (the portion that the industrial increase rate exceeds that of agricultural production and consumption fund) is invested in the expansion of production, then in a certain period of time, the cumulative increase rate can exceed 25 percent without affecting the gradual raise of the people's living standard or the normal development of production. (Assuming both increase rates of agriculture and consumption fund are 5 percent and population growth rate is 2 percent, 3 percent of the consumption fund can be used to raise the people's living standard.) In addition to the abovementioned causes, the difficulties over the 3 years were also due to falsification of revenue reports; the high cumulative rate was arranged despite limited revenues. Revenue falsification was not only reflected in the exaggerated growth rates of industrial and agricultural production, but even more reflected in unscientific computation. At that time, our revenue, that is, profit turned in to higher authorities, was not calculated based on the actual sum of sales, rather, based on the value of total output. Output value accomplished by the enterprises was considered as profit and, accordingly, finance organizations were considered as having that much revenue. In actuality, the total output value included both the actual profit realized from sales and products and semi-finished products in the shops and in the factories. Their value and profit were already accounted for despite the fact that the production value and profit were yet to be realized. At the end of the 50's and the beginning of the 60's, due to the fact that the enterprises unduly pursued value of output, the sum was rather great--including products idling in the warehouses of which a lot might be defective or useless. When the "exaggeration style" was very popular, many products were idling in the warehouses. This created a lot of false revenue. Comrade Li Fuchun paid special attention to my report, asking me to study with the representatives of the finance departments present at the planning meeting. But they did not agree to my viewpoint; they thought the defects I pointed out had already been corrected by the finance departments. Thus, the "study" was concluded without a conclusion.

November 6, 1978

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[illegible]
CSO: 4006

BRIEFS

SHANDONG DELEGATION ACHIEVEMENTS--The 18-member Shandong provincial delegation, with Xu Leijian, standing committee member of the Shandong Provincial CCP Committee and deputy governor of the Shandong Provincial People's Government, as its head and Yang Jieren, vice chairman of the standing committee of the Shandong Provincial People's Congress, as its deputy head, had a visit tour in Qinghai Province from 5 to 16 July in an attempt to strengthen the joint economic programs and to further develop the strong points of the two provinces. During their tour, they visited more than 40 units including plants, mines, villages, pastoral areas, schools, hospitals and scientific and technological institutes, earnestly studied the advanced experiences of Qinghai, exchanged views with Qinghai personnel concerned on mutual support work and put into operation some mutual support projects. The major tasks imposed on us in mutual support projects are to provide certain related equipment and instruments, to dispatch technical advisors, experts and professors to give lectures there and to train technological personnel and students for them. The major tasks imposed on Qinghai Province are to provide for us some agricultural, animal husbandry and mining products to help us develop light and textile industries as well as agriculture and animal husbandry. All the mutual support industrial, agricultural and animal husbandry projects are being vigorously put into operation and being carried out successfully. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 25 Jul 80 SK]

CSO: 4006

GENERAL ECONOMIC INFORMATION

BEIJING COMPANY EMPLOYS BLIND, DEAF PERSONNEL

OW261248 Beijing XINHUA in English 1217 GMT 26 Jul 80

[Text] Beijing, 26 Jul (XINHUA)--About 2,000 able-bodied deaf-mutes and blind persons in Beijing's urban area are working in an industrial company under the city's civil affairs bureau which has 11 factories, a building team and a farm.

Another 1,500 people who are blind or deaf are employed at collectively-owned enterprises or production groups organized by neighbourhood committees. There are 11,000 blind and disabled persons and deaf-mutes in the city proper. About 60 percent can work full time or part time. Beijing has four primary and middle schools for deaf-mutes and one for the blind with an enrollment of over 1,200 students. Several hundred aged and homeless blind persons, deaf-mutes and disabled are cared for by the state in a social welfare institution.

The industrial company, established at the end of 1978, now employs 5,000 workers, 40 percent of whom are blind or deaf. The deputy manager of the company Bai Feng told XINHUA that the company produces auto accessories, wristwatch cases, rubber soles, V-belts for machinery, electronic components, paper boxes, small hardware, woollen sweaters, rugs and ready-made clothing.

The total output value of the company last year reached 30 million yuan with a net profit of 4.34 million yuan. This year's output value is expected to be 35 million yuan with a profit of 5.1 million yuan. The factories are exempt from state tax and profits are used to expand production and improve the workers' living and working conditions.

Blind persons and deaf-mutes are filling such positions as deputy plant director, workshop director and production leader.

"The receive free medical care and half the medical fees for their dependents are covered by the state. They have the same welfare benefits as other workers, including pensions when they retire," Deputy Manager Bai explained.

"Deaf-mutes are paid the same as normal persons doing the same job in factories, while blind persons average about 10 percent less. However, all blind and deaf persons receive a monthly bonus."

Bai Feng also said, "Priority is given to the blind when new houses are allocated and we try to give them accommodations near their workshop. Every factory has a nursery to care for the children of blind and deaf people." Handicapped workers, especially the blind, are given a special service by shop assistants who deliver food and other daily necessities to their homes regularly. Doctors at factory clinics or nearby hospitals will make house calls.

Bai Feng said that now the company is operating below capacity. We are trying to get more technical personnel so as to make our products competitive.

CSO: 4020

GENERAL ECONOMIC INFORMATION

ECONOMETRICS CLASS HELD IN BEIJING

Beijing GUANGMING RIBAO in Chinese 24 Jun 80 p 3

[Unsigned article: "First Econometrics Class Begins in Beijing"]

[Text] The Economics Institute of the Chinese Academy of Social Sciences delegated to the Chinese Quantative Economics Research Society the handling of the First All China Econometrics Class. This began on the morning of June 23rd under a seven person teaching team with the American Professor (Kemaiyin) in charge.

Econometrics is a branch of economics and began in the 1930s. It is a branch of science which overlaps and combines economics, mathematics and statistics. It has a broad application in analysing economic conditions and in making economic forecasts. Beginning in the 1950s there were people in economic circles who engaged in econometric studies. In the field of microeconomics, since 1958 there have been quite a few economists and mathematicians who deeply entered the factories and villages to use operational research (primarily linear programming) to solve a number of technological and management problems. Professor Hua Luogeng [5478 5012 1649], Vice President of the Chinese Academy of Sciences, Director of the Mathematics Institute and Director of the Applied Mathematics Institute, in broadening the application of advanced methods and operational research (also known as the network method) achieved great success. In the field of macroeconomics, in the 1960s, personnel of the Economics Institute of the Chinese Academy of Social Sciences and the Mathematics Institute of the Chinese Academy of Sciences (now the Systems Science Institute) began theoretical studies and practical applications. In recent years a number of advances have been made. Starting last year, the Economics Institute of the Chinese Academy of Social Sciences, the Planning and Statistics Department of the China People's University and the Shanxi Provincial Planning and Statistics Department began cooperating to operate a local input--output experimental unit. This year, a group under Professor Song Jian [1345 0256] completed a long-term population forecast. However, econometrics in

China is still in the initial stages of development. There are not many people in the field and there are many gaps, and such conditions are suitable for building the four modernizations. This class in econometrics should be of great help in developing this branch of study in China and will also be of great significance in strengthening Chinese--American technological exchange in the area of econometrics.

At the opening ceremonies there were speeches by Xi Dixin [6079 3321 2450], Vice President of the Chinese Academy of Social Sciences and Director of the Economics Institute, and Professor (Kemaiyin). The opening ceremonies were attended by Professors Anderson, (Liuzunyi) and (Zouzhizhuarg) of the American teaching team and by students and work personnel of the study class.

11582
CSO: 4006

BRIEFS

QUANGDONG TOURISM--The tourism leadership group of the Guangdong People's Government was officially established on 1 July. Liang Weilin, vice provincial governor, is the head of the newly established group. The main tasks of the group are to integrate tourist guides and the reception of foreign tourists and overseas Chinese compatriots, formulate development and plans for tourism in the province, unify the management of tourist work throughout the province and take over the management of some guest houses. [Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 11 Jul 80 HK]

ANHUI INDIVIDUAL ECONOMY--Some 23,600 individually operated industrial and commercial business units were reopened and developed in the urban areas of Anhui Province in the first half of 1980. There are now approximately 27,200 such business units in the province. The individual traders and handicraftsmen have provided the masses of people with the needs of everyday life. New plans are being studied to help unemployed young people open service trade businesses. [OW221321 Hefei Anhui Provincial Service in Mandarin 1100 GMT 19 Jul 80]

CSO: 4006

FINANCE AND BANKING

BRIEFS

HUBEI TAX NOTICE--On 2 July, the Hubei People's Government issued a notice on further strengthening the tax law. All enterprises, collectives and individuals which pay tax must pay tax according to the statement. The enterprises must spontaneously accept supervision and inspection from the tax departments over the finance departments and take the lead to provide the information for paying taxes. The tax departments must effectively recover taxes from units which owe taxes. If these units delay in making payment, it is necessary to add surcharges according to the stipulations. Those who wish to be exempted from paying taxes, must follow the stipulations of the State Council. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 19 Jul 80 HK]

FUJIAN TAX REDUCTION--Since last year the financial revenue departments in Fujian have reduced or exempted poor production teams from agricultural tax. According to recent figures of the finance revenue bureau, 46,000 production teams received a reduction or exemption from agricultural tax last year throughout the province amounting to 170 million jin, worth 19.8 million yuan. This is an average of 2.5 yuan for each farming person. Most of these production teams lie along the densely populated coast where there is little land, poor water conservancy and low income. In Huian and Jinjiang counties, half of the communes and brigades have been exempted from paying tax. [HK240347 Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 21 Jul 80]

ZHEJIANG HALF-YEARLY REVENUE--Zhejiang Province's half-yearly revenue for the first half of 1980 registered a 28.2-percent increase over the same period of last year, fulfilling 57.8 percent of the annual target, due to the continued increase in production and improved financial management. In the first 6 months of this year, the province's total industrial output value increased by 31.9 percent over the same period of last year. The profits delivered to the state by the province's industrial departments in the first 6 months rose 33 percent. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 22 Jul 80 OW]

ZHEJIANG RURAL SAVINGS--Private savings in rural areas of Zhejiang Province have reached a new high. By the end of June, the total amount had reached over 760 million yuan, an increase of 37 percent compared with the same period of 1979. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 25 Jul 80 OW]

SHANDONG SAVINGS DEPOSITS--Shandong Province registered a sharp increase in savings deposits in rural and urban areas. By the end of June, savings deposits totaled 972.03 million yuan, an increase of 44.26 million yuan over that in the corresponding 1979 period. It also recalled 399 million yuan agricultural loans, 109 million yuan more than that of the corresponding 1979 period. In the first 6 months of 1980, provincial people's banks extended more than 1.03 billion yuan of agricultural loans and some 3.79 billion yuan of industrial loans, up 44 percent and more than 10 percent, respectively. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 24 Jul 80 SK]

CSO: 4006

LIMITED MECHANIZATION FOR COAL EXTRACTION IN SHANXI EXPANDED

Beijing REMMIN RIBAO in Chinese 15 Jun 80 p 2

[Article by Kong Zhaowu [1313 2507 2976] and Cao Wenlong [2580 2429 7893]: "Manpower Advantage Taken to Expand Limited Mechanization for Coal Extraction"]

[Text] Given the present condition in which our nation is abundant in labor resources but the economy is not yet prosperous, in order to speed up the development of Shanxi's coal industry, it is necessary to make full use of the advantage that our nation has in abundant labor resources and actively adopt "intermediate technology." That is, we should strenuously develop the limited mechanization of coal extraction (hereafter referred to simply as "limited extraction"), which uses more people, less money, and shows quick results. What we should not do is concentrate solely on adopting the comprehensive mechanization of coal extraction (hereafter referred to simply as "comprehensive extraction"), which calls for massive imports, large-scale developments, few people and heavy investments. In this way, we can enjoy the advantages of less investment, quick results and more employment at the same time. This is the suggestion recently proposed by Liu Wanxian [0491 8001 6897], chief engineer of the Shanxi Provincial Coal Industry Management Bureau, and the suggestion has been commended by many responsible comrades of the Shanxi Provincial Party Committee and the provincial people's government.

Liu Wanxian's suggestion was proposed in a symposium on how to quicken the reconstruction of Shanxi into our nation's strong energy base. It was held by the Shanxi Provincial Party Committee and the provincial people's government and was attended by specialists in coal, electric power, geology, chemical engineering and water conservation. Liu Wanxian has engaged in coal technology for more than 30 years, has a relatively abundant experience and is a member of the One Hundred Persons Technology Commission of the Ministry of Coal Industry. This reporter had an exclusive interview with him. He explained in detail the operating conditions and the economic gains of the "comprenensive extraction" and the "limited extraction" in Shanxi's coal mines in recent years. He said that Shanxi Province now has more than 3,000 coal mines of varying sizes. Since 1974, "comprehensive extraction" assembling units started to be brought in from abroad to those centrally allocated coal mines which have better technical levels. By the end of last year, the whole province had on record 46 sets of "comprehensive extraction" assembling units, and they have played a definite role in the development of Shanxi's coal production. These advanced, modernized coal extraction equipment are related to such scientific and technical fields as electronics, mathematics, physics, chemistry, hydraulics and mechanical engineering. In order to handle this modernized coal extraction equipment well, it is necessary to have working teams which have a higher educational level and have been specially trained. But, at present, the great majority of coal mine workers in Shanxi has a relatively low educational and technical level. Furthermore, some of the spare parts and accessories of the "comprehensive extraction" units cannot be made locally, and some are in short supply. Liu Wanxian made the following calculation: To import one complete "comprehensive extraction" unit, 20 to 22 million yuan of capital is needed. Calculated from the average production of one unit in the last year, four years' production is required to repay the price of one unit. Furthermore, the investment in one unit can be used to equip eight to ten "limited extraction" working areas, and the yearly coal production of these working areas will be more than four or five times that of one "comprehensive extraction" unit. The investment will be recovered within a year. Under the present circumstances, therefore, the use of the "intermediate technology" to strenuously develop the limited mechanization for coal extraction is a comparatively better method of developing Shanxi's coal industry.

Liu Wanxian said that there are very advantageous conditions in Shanxi to strenuously develop "limited extraction." First, many large and medium coal mines have relatively abundant coal reserves, and the opened coal, reserve coal and stoped coal are quite sufficient, and new fronts can be readily opened for "limited extraction." Second, Shanxi is more abundant in labor resources, and it is not difficult to add 100,000 to 200,000 employees and workers to the existing coal mines. Third, Shanxi has one-third of all the "limited extraction" in China today, but because many coal extraction teams are not up to full strength, they can mount a maximum of two shifts, with the result that the potential of the "limited extraction" equipment is not fully used. According to statistics, Datong, Yangquan and six other mining bureaus are short by more than 35,000 persons in their first-line extraction. If the first-line extraction personnel can be brought to full strength, coal production will be greatly increased without additional equipment. Fourth, a certain amount of experience in the operation and control of "limited extraction" has been accumulated and many technical backbone teams have been trained by numerous coal mines. It is therefore possible for them to use the methods of having the old lead the new and "hens lay eggs" to organize many new "limited extraction" teams very rapidly.

Chief engineer Liu Wanxian also pointed out that by bringing into full play China's abundant labor resources and adding some more coal mine workers, it is possible to change the present three-shift operation to four-shift operation. In this way, not only can the labor of the coal mine workers be reduced, the rate of manhour utilization and the labor efficiency also can be improved so as to speed up the development of coal production. He also hoped that related departments will henceforth strengthen the scientific research of "limited extraction" equipment, develop some high power, more highly automated units, conveyors and hydraulic supports so that the "limited extraction" equipment can be up-graded and replaced step by step. It is also hoped to equip some "high-quality limited extraction working areas," to further improve the unit production of working areas, to reduce workers' labor intensity, and to improve safety conditions so as to speed up the development of our nation's coal production.

9503
CSO: 4006

POWER INDUSTRY BOOSTS OUTPUT, CONSERVES RESOURCES

Beijing GONGREN RIBAO in Chinese 1 Jul 80 p 1

[Text] Workers in the electrical power industry throughout the country have thrown themselves into the campaign to increase production and income while conserving and cutting down on expenses, achieving savings in coal and oil while generating and supplying more power. From January to June of this year, the electrical power generated throughout the country fulfilled 50.7 percent of the yearly plan, an increase of 9.6 percent over the same period last year. The central China, Shandong, Shanxi, north-central Hunan and Shijiazhuang/Handan power grids increased 10 percent over the same period last year. During the first half of this year, the flood season brought a considerable amount of water to the south, and the various hydroelectric stations concentrated on economical operations and sensible utilization of the potential of this water. Not only did they generate more power, the water in the reservoirs also increased. Hydroelectric power generated throughout the country increased 20.2 percent over the same period last year. The various thermal power generating plants throughout the country beefed up their technical management, actively promoted new technology to save coal and electricity and launched numerous small quota competitions, so that there was an across-the-board reduction in the consumption of coal for generating electricity throughout the country. There was an average reduction of 10 grams of coal for every kilowatt of electricity, with a total savings of 1.5 million tons during the first half of the year. At the same time, the power plants used every means to reduce the amount of oil burned, with the result that those power plants supplied directly by the Ministry of Power Industry alone reduced the amount of oil burned by 330,000 tons in comparison with the same period last year.

CSO: 4006

DEVELOPING MARSH GAS SAID STEP TO SOLVE FUEL SHORTAGE

Fengyang, Lujiang Counties

Beijing GUANGMING RIBAO in Chinese 23 Jun 80 p 2

[Article: "What's Holding up the Development of Marsh Gas?"]

> [Text] Editor's Note: The extensive popularization of marsh gas is an important step towards solving the fuel shortage in our country's rural area. At present, over 170 million rural families are short of approximately 3-4 months of firewood supply each year, and the peasants have to chop down trees and dig up grassroots to solve the problem, which has ruined large areas of vegetation, and brought about land desertification; the loss of water and erosion of soil is growing from bad to worse with each passing day. According to estimations, if 70 percent of the farming population throughout the country uses marsh gas (for 8 months in a year), it is possible to put an end to this kind of phenomenon, which can greatly promote the development of agricultural production. But, the popularization of marsh gas requires certain conditions. Surveys in Anhui Province indicate very clearly that without funds, materials and techniques, large-scale "marsh gasification" is bound to end in failure. The only way to popularize marsh gas is by working in accordance with conditions, and approaching it scientifically in a down-to-earth manner.

In the past, 70 percent of the farming population in Fengyang and Lujiang counties used to suffer from firewood shortage. To solve this problem, the county committees of both counties attach great importance to the popularization of marsh gas, and over the past 3 years, they have altogether built 27,368 methane-generating pits which account for more than half of all the pits in the entire province. Some of the marsh gas pits built up production teams can produce gas quite satisfactorily. They are easy to use and produce good economic results. But most of the production teams still can not develop marsh gas. Why is it so?

(1) Great plans but no sufficient capital resources--a great beginning but a terrible ending. Fengyang County began popularizing marsh gas in a big way in 1979. They had planned to build 11,000 methane pits in the county's Mentaizi District that year, hoping to make marsh gas available to 70 percent of the farming population in the same year. In the beginning, the whole district succeeded in excavating 6,000-7,000 pits in one vigorous effort. But where on earth could they obtain the 3,000 tons of cement for 10,000 pits? Since neither the provincial planning committee nor the provincial agricultural committee could solve the problem, and the county could only afford to buy 40 tons of cement from other counties, then how could the problem be solved? Almost immediately, the cadres and masses lost their enthusiasm. According to statistics, only 1,117 out of the 3,868 pits that were built can be used.

In 1976, marsh gas was developed in Lujiang County's Nihe District. The plan was to build 12,000 marsh gas pits that year, and materialize marsh gasification in 1977. But owing to lack of funds, construction materials and technical force, they could only build "indigenous pit type" "3 compound earth" methane generating pits, most of which turned out to be useless. The entire district built 10,529 pits, of which only 1,683 could generate gas at the production rate of merely 16 percent. Moreover, the useless pits cost them over 147,000 yuan and involved more than 330,000 civilian workers. The masses complained: "The great marsh gas project has not only failed to solve our firewood problem, it has even affected our livelihood."

(2) Masses still have not mastered the science and technique of utilizing marsh gas. First, the utilization rate of marsh gas pits is low. Among the pits which have already been built in Fengyang and Lujiang Counties, there are some 7,000 defected and useless pits caused by water leakage and gas leakage. This accounts for 30.35 percent of the total number of pits. Marsh gas pits require constant input and output of materials. But now there are no mixers and no input/output equipment. The masses find them very inconvenient to use, especially when it becomes necessary to take out large quantities of materials, which thus affects the utilization of marsh gas pits.

Second, the rate of gas generation is low. Marsh gas fermentation is a microbiological life process and must have the following life conditions: First, extreme anaerobiosis; second, the suitable proportion of carbon and nitrogen nutrients in the basic materials for methane fermentation should be from 25:1 to 30:1, the fermentation temperature range is 10-55 degrees Centigrade, the fermentation pH value is 7-8. But many communes and brigades do not pay attention to such conditions. Some of them feed in the wrong proportion of materials, causing more nitrogen, less carbon, high acidity and abnormal methane generation. As some of them are short of methane bacteria or lack input/output facilities for a long period of time and thus cannot produce gas, they have ended up with waste pits.

third, low combustion rate. As there are various kinds of indigenous lamps which are not manufactured in accordance with the specific requirements, the combustion rate is so low--in some cases less than 30 percent--that the marsh gas is actually being wasted.

Fourth, quite a few people among the cadres and masses are ignorant of the fact that marsh gas is a renewable biological energy source, and thus fail to work in accordance with the laws of marsh gas. Many comrades do not know that marsh gas must be sealed. They think that "as long as the soil texture of the pits is good, it is possible to economize by using them as substitutes." This has resulted in numerous useless and deficient pits. Some brigade cadres fail to understand that as compared with ordinary fertilizers on the farm, the methane pit fertilizers contain 19.3 percent more ammonium-state nitrogen, 31.8 percent more effective phosphorous, and the pit residues are still excellent compost acidic fertilizers. They refuse to accept the fertilizers from commune members under the misconception that the "fertilizer gas is all burned up." Some do not know that "slow absorbing" methane fertilizers can be changed into "fast absorbing" fertilizers; they use the methane fertilizer water as base fertilizers, thus causing yield drops.

In our survey, we have discovered that some production teams have achieved remarkable results in the popularization of marsh gas. For example, the Wanghuodun Production Team of the Luohe Commune in Lujiang County's Nihe District has been developing methane generating pits in a down-to-earth manner, and enhanced the scientific management of marsh gas. Thirty-one families have built 29 pits, all of which are quite effective. Some 80 percent of the pits can burn as long as 8 months in a year, and can be used to cook two to three meals a day, which basically solves the fuel and forage shortage problems.

Based on the survey, we deeply feel that marsh gas is certainly a farmer's treasure, and that the current problems in popularization work are not because marsh gas is useless, but rather due to our failure in carrying out the work correctly. Many production teams have summed up excellent experiences for the popularization of marsh gas, which should be taken well into account. We suggest that instead of formalism, in the future the popularization of marsh gas should be carried out through pilot projects which can guarantee the quality. Besides assigning the tasks of building pits, the provincial, regional and county-level marsh gas offices should also provide the funds and materials. Moreover, they must also adhere to the policy of "giving first place to the practice of self-sufficiency among commune members, and second place to state and collective aids." The capital funds invested by the state to subsidize people's communes may be used for supporting the marsh gas projects of poor teams. The banks should provide low interest loans so as to give positive support to commune members who have difficulty in raising sufficient funds for building marsh gas pits. Attention must also be given to all feasible dealing with fertilizer investments, so as to properly handle the contradiction between fertilizer and gas, and thus enable the masses to enjoy the long-term benefits of marsh gas. Methane scientific research work must be strengthened in the effort to find means of solving such problems as the structure of methane generating pits, proper distribution of fermentation materials, improving the gas generation rate and fuel efficiency, etc., which will help improve the scientific aspect of the popularization work. Importance must be attached to the training of professional people as well as the strengthening of technical force required for popularizing marsh gas among the counties, regions, communes and brigades. It is imperative to enhance popular science education work, and help the masses to acquire and master knowledge on marsh gas.

Guangji County

Beijing GUANGMING RIBAO in Chinese 23 Jun 80 p 2

[Article: "Guangji County Promotes Marsh Gas Popularization With Remarkable Success"]

[Text] With the right approach, Hubei's Guangji County has achieved remarkable success in the popularization of marsh gas which is part and parcel of the entire county's capital construction plan. At present, the whole county has built 22,000 methane generating pits and eight small marsh gas power stations. The scope of popularization has expanded from the countryside to institutions, schools, factories and mines in cities and towns.

The Guangji County Committee has gone through the process of cognition before it began to energetically promote the popularization of marsh gas. At the end of 1975, the principal responsible comrades of the county committee started their very first marsh gas pilot project in the Zhongwan Production team under the Congzheng Brigade of the Meichuan Commune. As a result, they not only succeeded in solving the commune members' firewood problem, but also managed to produce more than 12,500 dan of high-quality organic fertilizers within 1 year, which helped to bring about tremendous increases in agricultural yields, and saved over 400 yuan's worth of chemical fertilizer. In the following year, the county committee resolved to energetically popularize marsh gas.

Over the past few years, the county committee has emphasized the following work:

1. Continuously raised the level of understanding among the leading cadres at all levels. To help a minority group of cadres to overcome their fear that marsh gas is an extra burden, the county committee organized many on-the-spot educational activities which gradually converted most of the leading cadres of the whole county into promoters of marsh gas popularization.

2. Stressed implementation work. First, to implement organizational work, the entire county's 17 commune-level units established a marsh gas supervision group under the guidance of the Party Committee. Second, to implement the plans, the entire county held meetings on the implementation of marsh gas popularization work at the beginning of each year. At the meetings, the tasks were assigned to people at various levels, and deadlines for completion of the plans were set in accordance with the actual conditions of agricultural production. Third, the implementation of measures was stressed in line with local conditions. Owing to the high ground water level, the Longping Commune had to set high construction requirements for its methane pits, and the commune members had to put in a fairly large sum of investment. The commune's party committee used some of the capital funds from its collective economy to support the project. The Siwang Commune Party Committee requested all its brigades to give first priority to the marsh gas pits by lowering their prices of bricks for the construction, and the overall expenditures entailed in the construction of the pits were settled under a unified plan at the end of each year. Fourth, frequent competitions and appraisals. In 1979, the county committee gave bonuses in kind to units which performed well in the popularization of marsh gas, thus further promoting the marsh gas popularization work of the whole county.

3. Promptly and properly handled outstanding contradictions. Three most outstanding contradictions had occurred in the course of marsh gas popularization work: (1) contradiction between the use of gas and use of fertilizer; (2) contradiction between use and maintenance; (3) contradiction between the need for building more pits and the shortage of available sites. To cope with these problems, they adopted the following measures: Organized methane technology training classes and amateur marsh gas technicians; carried out scientific management; and sponsored an experimental "marsh gas masses" project. These measures helped to put an end to the contradictions, and thus enabled them to achieve greater, faster, better and more economical results in the development of marsh gas construction work.

4. Stressed extensive coordination. As the popularization of marsh gas requires support from various fields, the county committee has energetically promoted the project among various circles over the recent years, and made overall plans for the marsh gas popularization work, which has drawn active and coordinative support from the capital construction bureau, commercial departments, county banks, agricultural banks as well as scientific and technical departments and public health departments.

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ENERGY CONSERVATION IN ZHEJIANG METALLURGICAL INDUSTRY INCREASED

Hangzhou ZHEJIANG RIBAO in Chinese 24 May 80 p 2

[Article by Hu Yaozhi [5170 1031 3112]: "Zhejiang's Metallurgical Industry Gains Significant Results in Maintaining Increased Production by Energy Conservation"]

[Text] In the course of readjustment, our province's metallurgical front has grasped energy conservation as one of the strategic tasks and achieved significant results. Last year, the gross output value of the whole industry increased 22.76 percent over 1978, energy consumption increased only 5.4 percent, average energy consumption per output value of 10,000 yuan decreased 14 percent, and the profit handed over to higher authority more than doubled over 1978. From January to April of this year, gross output value and profit again increased 24 percent and 37 percent respectively, compared with the same period of last year. Such major energy consumption indicators as the rate of coke for iron smelting, the permissible rate of energy consumption per each ton of steel and the direct-current power consumption for electrolytic aluminum also decreased markedly. It was estimated that they saved by more than 6,500 tons of coal, 5,500 tons of coke and 4.05 million kilowatt-hours of power.

The metallurgical industry is a big energy consumer. According to statistics for 33 enterprises which consume a lot of energy, the amounts of coal and power consumed were 16 percent and 17 percent respectively of the total amounts consumed by industries of the whole province. Given the fact that energy supply in Zhejiang is relatively tight, this is a glaring contradiction. For this reason, the metallurgical industry of the whole province is trying to strengthen energy management so as to maintain increased production by means of energy conservation. At the same time, they are also trying to conduct reasonable readjustment of the small blast furnaces and the small silicon iron furnaces. Out of the eight small blast furnaces of the whole province, last year five were closed, stopped, merged, transformed, or changed to produce such short-supply products as cement and crystalized silicon. Production control was conducted in those 17 small silicon iron plants where a large amount of power was consumed. When the power supply is tight, the furnaces will be automatically stopped at peak hours, and when the power supply is relaxed, the furnaces will be started to take advantage of the time.

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GUANGDONG ENTERPRISES RATION FUELS

Guangzhou NANFANG RIBAO in Chinese 9 Jun 80 p 1

[Article by Huang Shuxuan [7806 2885 5503] and Wang Dekuan [3769 1795 1401]: "Fuel Rationing Supply System Implemented by Seventy Percent of the Enterprises in Our Province; Over 520,000 tons of Coal and 18,000 tons of Oil Saved Last Year in the Whole Province"]

[Text] Editor's Note: The implementation of the fuel rationing supply system is a major step towards the scientific management of fuels and control over fuels of strategic importance. At present, the extravagant and unscientific use of fuel in our province has developed into an extremely serious situation; thus, in order to promote the growth of our national economy, it is imperative to step up fuel management, improve the utilization ratio of heat energy, and devise ways of economizing on energy use and increasing production. Some organizations are putting undue emphasis on conditions in the belief that the only sensible way is to have the suppliers guarantee the delivery time, quality and quantity of fuel supplies. This is wrong. Of course, it is true that the fuel suppliers should do their best in supplying fuel. But, in light of the fact that ours is a fuel deficient province, the question is how long would it take to come up with the right conditions for fuel rationing? At present, the factories and enterprises in such cities as Foshan, Jiangmen, Zhanjiang, Shantou and Zhaoqing have all adopted the fuel rationing system. Since they have managed on conditions which are pretty much the same as other places, is there any reason that others can not do it too?

In order to promote the economizing of energy sources, 67 percent of all the factories and enterprises in our province have been implementing a fuel rationing system with fairly good results. Last year, the entire province saved more than 520,000 tons of coal, some 18,000 tons of fuel oil, and over 21,000 tons of coke.

It was last year when the factories and enterprises in our province began the fuel rationing system. First, coal furnaces were employed on a trial basis in nitrogen fertilizer and cement plants, and their experiences were gradually popularized. According to incomplete statistics, at present, nearly 70 percent of all the fuel consuming enterprises above the county level throughout our province have started the rationing supply system. Such cities as Foshan, Jiangmen, Shenjiang, Shantou and Zhaoqing have fully implemented the rationing system. In Guangzhou City, more than 90 percent of the factories and enterprises above the district level have also begun the system.

Based on the practical results, it appears that the fuel rationing system has the following advantages:

First, it forces the factories and enterprises to strengthen fuel management and pay attention to economizing. For example, since the implementation of the rationing system, the Hongwei Silk Factory of Shunde County has been paying especial attention to economizing [coal]; it keeps different kinds of coal in separate piles; each delivery of coal is tested for heat value and used in proper proportions; each specific group is given a consumption quota. Announcements are made daily, and accounts are settled monthly. The implementation of bonuses for safety and economy has greatly aroused the enthusiasm among the staff and workers. Last year, the factory saved 913 tons of coal.

Second, it has caused factories and enterprises to greatly improve their furnaces and come up with innovations and ways of tapping potentialities. For instance, last year, the Zhongshan Brewery consumed an average of 4.34 tons of coal for producing each ton of 65 percent proof white spirit. But with the introduction of the fuel rationing system, the quota was reduced to only 3.5 tons, which prompted them to install coal saving devices, raise the temperature of the furnace's input water, change improper steam pipes, renovate the distillation tower, and cut down steam consumption. As a result, the average consumption rate of coal per ton of liquor was only 2.3 tons.

Third, it has strengthened the link between suppliers and users, and improved the management level of the suppliers. For example, last year, when Taishan County supplied coal in accordance with the users' demands, the total transaction amounted to over 260,000 tons; but after the rationing system was gradually implemented among all the users, the actual demand amounted to only some 160,000 tons. Thus, instead of replenishing their stocks in a blind manner, the suppliers could maintain their supplies in accordance with the needs, and reduce the capital turnover period from 75 days of the previous year to 42 days, which has reduced the policy's per-ton coal loss from 4.62 yuan of the previous year to 3.14 yuan; the whole year's loss reduction amounted to over 150,000 yuan.

At present, in order to save even more energy sources, some departments have decided to fully implement the fuel rationing system; and those enterprises which have not started yet will implement the system as from July 1.

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FUELS AND POWER

BRIEFS

GUANGDONG ELECTRICITY--In the first half of this year, the electric power departments in Guangdong generated 5,290 million kilowatt-hours. This was an increase of 6.7 percent over the corresponding period of last year. Profits from industry in subordination to these departments were overfulfilled by 2.6 percent. This was an increase of 10 percent over the corresponding period of last year. In the second half of last year, the state readjusted the prices of coal and petroleum, greatly increasing the costs of thermal electric plants in generating electricity. Therefore, the hydroelectric power stations in the province have strictly controlled the water level in the reservoirs to store more water and generate more electricity. In the first half of this year, the electricity generated by these stations increased by 23 percent over the corresponding period of last year. [HK220252 Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 12 Jul 80]

GUANGDONG SOLAR ENERGY--Located in the south, Guangdong is rich in solar energy. The average yearly sunshine time in the province is 2,000 hours. The solar radiation on each square meter of land is 3,500 large calories in the daytime. Coupled with the high temperature in the province, solar radiation can be used throughout the year. If the solar radiation on a square meter of water surface over a year can be recovered, this would be equivalent to the energy generated from burning a ton of standard coal. There are now 57 lighthouses in the province that use solar batteries. Water heaters powered by solar energy are also being popularized in Guangdong. [HK240421 Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 20 Jul 80]

GUANGDONG OIL DEPOSITS--On 20 July 1980, "Pearl River No 7" drilling rig succeeded in extracting oil after tapping for 2 months and 3 days. The drilling rig is located at the mouth of the Pearl River. The shaft of the rig is 3,720 meters deep and is currently the deepest ocean oil shaft in China. The discovery has further increased the areas in the Pearl River for surveying oil deposits. This shows that the 150,000 square km in the Pearl River contain oil deposits. [HK291045 Guangzhou City Service in Cantonese 0430 GMT 25 Jul 80]

HYDROELECTRIC POWER--Xinchang County, Zhejiang, has more than 200 small hydroelectric power stations with total power generation capacity of 11,700 kilowatts. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 17 Jul 80 OW]

CSO: 4006

PRC MEETING NOTES PROGRESS IN UTILIZING RARE EARTH ELEMENTS

OW251045 Beijing XINHUA Domestic Service in Chinese 1454 GMT 24 Jul 80

[Excerpts] Hohhot, 24 Jul--XINHUA correspondents Bu Zhaowen and Wang Zenghai report: New progress has been made in the past 1 year in comprehensive utilization at the Bayan Obo Mine, a large paragenetic mineral deposit rarely seen in the world that contains iron, rare earth, niobium and other elements. The progress is noticeable particularly in ore dressing. The achievements in this field were recognized by Chinese specialists on iron and steel and rare earth at a meeting held between 17 and 22 July in Baotou on comprehensive utilization of natural resources. The significant progress made in ore dressing has provided bright prospects in the further utilization of iron and rare earth resources and the vigorous development of the rare earth industry. The rare earth contains 17 elements including scandium, yttrium, lanthanum, cerium and praseodymium which are called by people the "vitamins" of the metallurgical industry because addition of adequate amounts of these rare earth elements enhances the metallic property of metals.

Scientific research units concerned throughout the country have conducted extensive experiments and research on the ore dressing work at the Bayan Obo Mine over the past 20 years or so and made some progress. However, they have not achieved satisfactory results. In the past 1 year, scientific research and production units in Baotou, Beijing, Changsha and Guangzhou have conducted wide-ranging experiments and scientific research on ore dressing, of which the semi-industrial experiments conducted by the Mineral and Metallurgical Research Institute of the Ministry of Metallurgical Industry, the Baotou Metallurgical Research Institute and the No 3 plant of the Chinese Rare Earth Company achieved excellent results.

At the meeting, the experts fully expressed their views and discussed the technological processes including their good points and defects. They held that efforts should be made from now on to put these good points into full play and play down the defects, to mutually supplement each other, to improve work by concerted efforts and to search for better technological processes for comprehensive utilization at the Bayan Obo Paragenetic Mine.

Attending the meeting were Fang Yi, member of the secretariat of the CCP Central Committee and vice premier of the State Council; Tang Ke, minister of metallurgical industry; Zhang Yimin and Zhou Chuandian, vice ministers of metallurgical industry; and chairman Kong Fei and vice chairman Li Binsan of the Inner Monggol Autonomous Regional People's Government.

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MINERAL RESOURCES

BRIEFS

LIAONING BORON MINE--Shenyang, 21 Jul (XINHUA)--China's largest Boron Mine, which is expected to have an annual output of 100,000 tons, went into production in Yingkou County of Liaoning Province early this month. The open-cut mine, which contains high grade ore, is expected to accelerate the development of light industry and the iron and steel industries. [Text] [Beijing XINHUA in English 1210 GMT 21 Jul 80 OW]

HEBEI VANADIUM EXTRACTION--The mining research institute of the Daye Nonferrous Metals Company in Hubei recently succeeded in developing a new technology for extracting vanadium from coal tailings. The new technology has been examined by the Ministry of Metallurgical Industry and regarded as technically feasible and economical. Hubei is rich in coal tailings reserves scattered throughout the province. The proven quantity of such reserves in a locality of Junxian County is as high as 100 million dun. The newly developed technology requires mixing table salt with coal tailings and then heating the mixture to extract vanadium pentoxide. [Beijing XINHUA Domestic Service in Chinese 1200 GMT 23 Jul 80 OW]

MORE GOLD FROM YANTAI--The Yantai district has overfulfilled its gold production plan for the first half of this year, with gold production up 13.74% over the same period last year. Yantai is one of China's major gold-producing areas, and this year its production has increased quite a bit. The new Jiaojia and Xincheng gold mines in Ye county began formal operations in January of this year. The 100-plus mines under the county level run by the masses have undergone improvements, and their extraction and production capabilities have increased by nearly one-third. [Text] [Jinan DAZHONG RIBAO in Chinese 14 Jul 80 p 1]

CSO: 4006

CLAY CERAMSITE PRODUCTION LINE IN BEIJING

Beijing BEIJING RIBAO in Chinese 14 May 80 p 1

[Article by Du Longwei [2629 7127 3555] and Jia Junhai [6328 0971 3189]: "Biggest Clay Ceramsite Production Line Built in Beijing"]

[Text] Recently, the biggest clay ceramsite production line in our country was put into trial production in the Beijing City Tuqiao Bricks and Tiles Plant. After going into formal production, it will provide 100,000 cubic meters of lightweight, high-strength raw material for concrete.

Clay ceramsite is a kind of clay with a definite fineness. After being mixed with a suitable amount of additive, and through the process of mixing into balls, drying, high-temperature baking and expansion, it will form a man-made, light raw material which can be used in industry and civil construction. Concrete products made from it are light in weight, soundproof, heatproof, good insulators and have good thermal stability. Compared with concrete made of heavy raw materials, its weight per each cubic meter is lighter by 1,250 kilograms, and its coefficient of thermal conductivity is also comparatively low. Applied to architectural construction, it can reduce the cross-sectional dimension of the buildings, shorten the period of construction, save the amount of steel bars used, and reduce the investment. It is especially suitable for high-rise buildings.

The production line started construction in December of the year before the last, and the architectural construction was completed by the end of last year. In order to speed up the trial production, the Tuqiao Bricks and Tiles Plant in March of this year concentrated the technical efforts of the entire plant and with the support of such fellow units as the Capital Cement Plant, the Nanhu Sewerage Bricks Plant, the Cement Tiles Plant and the Gypsum Boards Plant, outstandingly completed equipment erection, thus ensuring the earlier test run of the production line.

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BRIEFS

LIAONING PROVINCE INDUSTRIAL OUTPUT--In the first half of 1980, Liaoning Province made a 11-percent increase in the total industrial output value and 20-45 percent increases in the output of building materials, sheet steel, strip steel and other steel products, as compared to that of 1979's corresponding period. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 5 Jul 80]

TIANJIN METALLURGICAL ENTERPRISES--Tianjin metallurgical enterprises scored achievements in the first 6 months of 1980. Total industrial output value increased by 10.5 percent and profit by 39 percent over the corresponding 1979 period. These enterprises also prefulfilled their state semiannual production plans of steel, rolled steel and metal products by 15 to 30 days. [Tianjin City Service in Mandarin 1330 GMT 4 Jul 80]

CSO: 4006

SHANGHAI INDUSTRIAL BUREAUS REPORT SELF-MANAGEMENT SUCCESSES

OW261254 Beijing XINHUA in English 1235 GMT 26 Jul 80

[Text] Shanghai, 26 Jul (XINHUA)--The textile and metallurgical bureaus in Shanghai this week reported initial successes under the powers of self-management granted to them six months ago.

The textile bureau delivered 28 per cent more profits to the state than in the first half of last year and the metallurgical bureau delivered 15.4 per cent more profits. At the same time, the textile bureau retained 130 million yuan and the metallurgical bureau, 57.46 million yuan, as funds for the expansion of production and collective welfare as well as for workers' bonuses. Previously, they had to turn over all their profits to the state and had little leeway in the use of funds.

Economists here noted that the policy of allowing more autonomy to the business sector indicates the direction of economic reform now being carried out in Chinese enterprises.

Under the policy approved by the State Economic Commission and the Ministry of Finance, Shanghai Textile Bureau can keep 9.5 per cent of its annual profits, based on the 1978 figure, for the five years of 1979 to 1984, while turning over the rest to the state. The metallurgical bureau can retain 40 per cent of the increase in profits over the 1978 figure during the same five-year period.

It is estimated that under this policy the textile bureau will retain in these five years development funds equal to the total state investment made in the city's textile industry in the 30 years after 1949. The metallurgical bureau is expected to retain funds three times the total state investment made in the city's metallurgical industry in the five years preceding 1979.

The metallurgical bureau has decided to spend 37 million yuan on 29 technical improvement projects which will help expand the production of steel products for the light, textile and building industries and boost exports. It expects to get back the investment from the profits it will receive by the end of next year.

The textile bureau has invested 20 million yuan in the Wuhan City Metallurgical Bureau and Shanghai's Metal Materials Corporation in exchange for the steel products it needs to expand the industry and improve textile workers' housing conditions.

The textile bureau is committed to increasing its production at an annual rate of at least 8 per cent until 1984, and therefore has to improve management and raise the technical level of its plants.

Shanghai is China's leading textile centre and this industry produces nearly half the city's exports in terms of foreign exchange. Shanghai also ranks as China's second biggest producer of steel and rolled steel.

Since last year, the self-management policy has been introduced at more than 6,600 factories and plants throughout China.

CSO: 4020

LIGHT INDUSTRY

HUNAN PAPER ON JOINT UNDERTAKINGS IN LIGHT INDUSTRY

HK240645 Changsha Hunan Provincial Service in Mandarin 2315 GMT 21 Jul 80

[HUNAN RIBAO 22 July Editorial: "Overcome Ideological Obstacles To Promote Joint Undertakings in Light Industry"]

[Text] Light industry must rely on joint undertakings. This is an important guiding principle put forward on the basis of summing up the experiences and lessons of the past 30 years in our country. It is also an effective way to speed up the development of the light and textile industries. Whether or not the light and textile industries in our province can enjoy tremendous development in the coming years depends on our determination and the speed of action to carry out joint undertakings.

The editorial said: Since some comrades place their hopes on state investment in new enterprises, and do not sufficiently understanding that carrying out joint undertakings can form new productive forces, this shows that their ideology lags behind the current situation. To increase investment in light and textile industries is undoubtedly one of the important issues in readjusting the national economy. However, since there are currently limited material and financial resources in our country, it is impossible to use a lot of money to build new factories and install new facilities every year. We must put our foothold on the present position and work hard to develop that position. Joint undertakings are the main theme of this development. Only by implementing joint undertakings can each locality bring forward its strong points and avoid its weak ones, learn from the strong points of others to offset one's weaknesses to save time in the development of light and textile industries, strive for better economic results and create new productive forces.

The editorial stressed: To do well in joint undertakings of the light and textile industries, we must first liberate ourselves from the ideological fetters of large but complete and small but complete. We should practice coordination of specialized departments, which is far superior in terms of administration, system, economic results and quality of products, and can produce greater economic results by using less human and material labor.

The editorial pointed out: To do well in light and textile joint undertakings, we must also liberate ourselves from selfish departmentalism and seriously implement the policies of voluntary participation and mutual benefit and exchange at equal value. We must not argue over who should play the leading role and who should play the supporting role; we must consider the profits of both sides instead of just one. Only by wholeheartedly learning from the strong points of others to offset one's weaknesses can we get mutual benefit. Only by promoting production to produce more materials and products which the people need can we do well in joint undertakings.

HUNAN RIBAO said in conclusion: Joint production undertakings are actually a form of economic links under socialist conditions. Therefore, we must strive to insure economic mutual benefit and rationally distribute the economic benefits. We must strengthen management, do well in economic accounting, and avoid and overcome egalitarianism to bring into full play individual superior features and potentials. Party and government leading organs at all levels must promptly and practically help the basic levels solve their difficulties and problems in the course of practicing joint undertakings so that the production of the light and textile industries in the whole province can enjoy new prosperity each day.

CSO: 4006

LIGHT INDUSTRY

GUANGZHOU SHOWS SUPERIORITY OF SPECIALIZED PRODUCTION

Guangzhou NANFANG RIBAO in Chinese 10 Jun 80 p 1

[Article: "Specialized Production Shows Superiority"]

[Editor's Comment] Guangzhou City has established as an experiment ten enterprise-type industrial companies. This is an important aspect in revamping the management system and in controlling the economy by economic measures, and should be gradually expanded. At present, such large cities with a concentration of industry as Beijing, Tianjin and Shanghai, in addition to organizing specialized industrial companies, have also established joint-venture companies of industry and agriculture, industry and commerce, and industry and trade, engaging in joint-ventures in the economic sector and walking the joint-venture road. They have moved a great step ahead of us in reforming the economic management system. Should the various cities in our province, especially Guangzhou, also further liberate our thinking in this respect and take larger strides toward reorganization? It seems that our province's light and textile industries in particular should take the joint-venture road.

[Text] During the process of reorganizing industry in accordance with the principle of cooperation among specialties, Guangzhou City has established ten enterprise-type companies which have played a very good role in promoting production development.

There were originally 43 specialized industrial companies in Guangzhou, and with the exception of the flashlight, umbrella and standard parts companies, which were enterprise-type companies, the other 40 companies were of the administrative-type. They had no autonomy in operations and management, and there was no central control of production, supply and sale, or of personnel, finance and material. The extent of specialization was not wide enough, production was scattered, and the conditions of "large and complete" and "small but complete" could not be satisfactorily changed. Starting from the end of 1978, Gangzhou City has continuously established as an experiment within the five bureaus of electromechanical, light industry, chemical industry, second light industry and textile, such enterprise-type companies as sewing machines, machine tools, hand tools, paint, cast and foundry and bicycles. Together with the original companies, the enterprise-type companies are now ten in number. The gross output value of these ten companies in the last year increased 12 percent over the year before the last, the profit increased 18.7 percent, and the major products increased greatly in quantity, with the quality improved and the cost reduced. During the first quarter of this year, the production of these ten companies increased even more. Machine tools increased 30.5 percent, sewing machines increased 40.2 percent, bicycles increased 38.8 percent, and flashlights increased 47.5 percent, compared with the same period of the last year. This fully showed the superiority of specialized production.

The measures taken by Guangzhou in establishing as an experiment the enterprise-type industrial companies are:

1) Division of labor is made by specialization in products, parts and components, techniques, etc, and thus the situation of "large and complete" and "small but complete" were changed. After the bicycle industry company was established in May of last year, for example, readjustment was made in the production layout and management structure of the entire industry. The original three bicycle parts plants were reorganized into eight parts plants, thus carrying out specialized production of parts and accessories and strengthening production control and technical control. As a result, although costs increased 700,000 yuan due to the adjustment of prices of steel products in the last year, the profit of the whole company still increased over the previous year.

2) Auditing and control by different levels of the companies and plants are implemented so that economic measures are used for enterprise management. These newly organized enterprise-type industrial companies exercise central control of personnel, finance and material as well as production, supply, and sales. They bear all outside financial responsibilities, while internally carrying out audits at the different plant and company levels, overall inspections, profit retention, capital and material control by different levels, and periodic accounting of the companies and plants. In this way, the companies and plants are motivated to carry out better management and control. Eight months after implementing auditing at two levels, the Guangzhou Machine Tools Industry Company had its average monthly production value increase 22.4 percent, machine tools production was up 28.4 percent, and profits more than doubled, compared with the previous four months.

3) Combining industrial reorganization with expanded autonomy of enterprises, Guangzhou City in the last year used five newly organized enterprise-type industrial companies in an experiment in expanding autonomy, giving the companies the authority that they should have and thus invigorating production by means of economic measures. As a result, the average profit of these five companies increased 21 percent, greatly exceeding the average level of 9.8 percent of the profit increase of the whole city's 34 experimental enterprises. After starting the experiment, the Guangzhou Sewing Machines Industry Company has readjusted the division of labor by specialization within its plants, designated a plant to specialize in the production of aluminum-alloy sewing heads, and speeded up the renewal and replacement of products. Their total profit increased 23.6 percent over the highest level in their history.

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LIGHT INDUSTRY

BRIEFS

GUANGDONG INDUSTRY--During the first half of 1980, the total value of industrial output throughout the province increased by 10.6 percent over the corresponding period of last year. In Maoming Municipality, however, the output value declined due to reduced output value in the processing of crude oil. However, the remaining 22 prefectures and municipalities have all increased their output value over the corresponding period of last year. The output value of light industry throughout the province increased by 15.7 percent over the corresponding period of last year, greatly surpassing that of heavy industry. The output of television sets, radios, washing machines and electric fans increased by 100 percent. In Guangzhou Municipality alone, 2,500 new product varieties were added during this period.[HK220252 Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT 10 Jul 80]

HEBEI GLASS PRODUCTION--Shijiazhuang, 25 Jul--North China's Qinhuangdao City, producer of one-sixth of China's plate glass, has increased production capacity by 50 percent in the past 4 years through technical innovation and transformation. Total output value of the city's glass industry was 26 percent higher in the first half of the year than in the same 1979 period. Improvement of 270 items, construction or reconstruction of 17 mechanized or semimechanized production lines and adoption of 41 new techniques were accomplished with only half the investment required for building new enterprises. Qinhuangdao accounts for 70 percent of China's export of plate glass. Among the city's products are plate glass, glass fiber, industrial technical glass, toughened glass, glass tubes, glassware and mirrors. [Beijing XINHUA in English 1204 GMT 25 Jul 80 OW]

HEILONGJIANG PROVINCE INDUSTRY--As of 30 June, the second light industrial enterprises in Heilongjiang Province overfulfilled their semiannual output value and profit plans. Total industrial output value reached 987 million yuan, an increase of 14.6 percent over corresponding 1979 period, and profit reached 50.82 million yuan, accounting for 50.8 percent of annual profit plan. Of the 100 major products, 71 had increased their output and 41 were rated as good-quality products of the province and 3 were rated as good-quality products of the state. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 4 Jul 80]

GANSU TEXTILE INDUSTRY--The textile industry departments in Gansu Province fulfilled all production tasks for the first half of 1980. By the end of June, more than 153 million yuan of output value were earned, marking a 26-percent increase over that of the corresponding period of 1979. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 5 Jul 80]

CSO: 4006

CAPITAL CONSTRUCTION

NEW UNDERGROUND THEATER CAN SERVE AS WARTIME AIR RAID SHELTER

Beijing BEIJING RIBAO in Chinese 27 Jun 80 p 1

[Article: "Principal Part of Underground Theater Project Completed"]

[Text] The principal part of the underground theater at Xuanwu Park is finished and work is now underway on fitting out the auditorium. It is estimated that it will be completed and ready for public use by the end of the year.

The design of the Xuanwu Park underground theater is original and distinctive. The underground structure covers an area of 3,400 square meters with a usable area of more than 2,900 square meters. The auditorium is 46 meters long, 21 meters wide and 10 meters high. It is provided with a stage and orchestra pit and can seat 1,400 people. There are three lounges off the main auditorium. Semicircular arch-type steel reinforced concrete construction is being used for the main auditorium. This dual-purpose underground theater can be used for performances in peacetime and as an air raid shelter in wartime.

The commanders and fighters of the capital construction engineers responsible for the project have organized and built with great care. With the support of the civil defense organs of the city of Beijing, Xuanwu District, and other units, the construction project will be completed in a 340-day struggle in which both quality and quantity will be assured.

CSO: 4006

CAPITAL CONSTRUCTION

RESTRUCTURING OF CAPITAL CONSTRUCTION SYSTEM PROPOSED

Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 6, 15 Jun 80 pp 22-27

[Article by Li Wen [1213 2429]: "A Discussion on Restructuring the System of Capital Construction"]

[Text] For 30 years since the founding of the People's Republic, our capital construction, as an important means of expanded reproduction, has played a great role in developing our national economy and contributing to the establishment of an independent and fairly complete industrial system and national economic system.

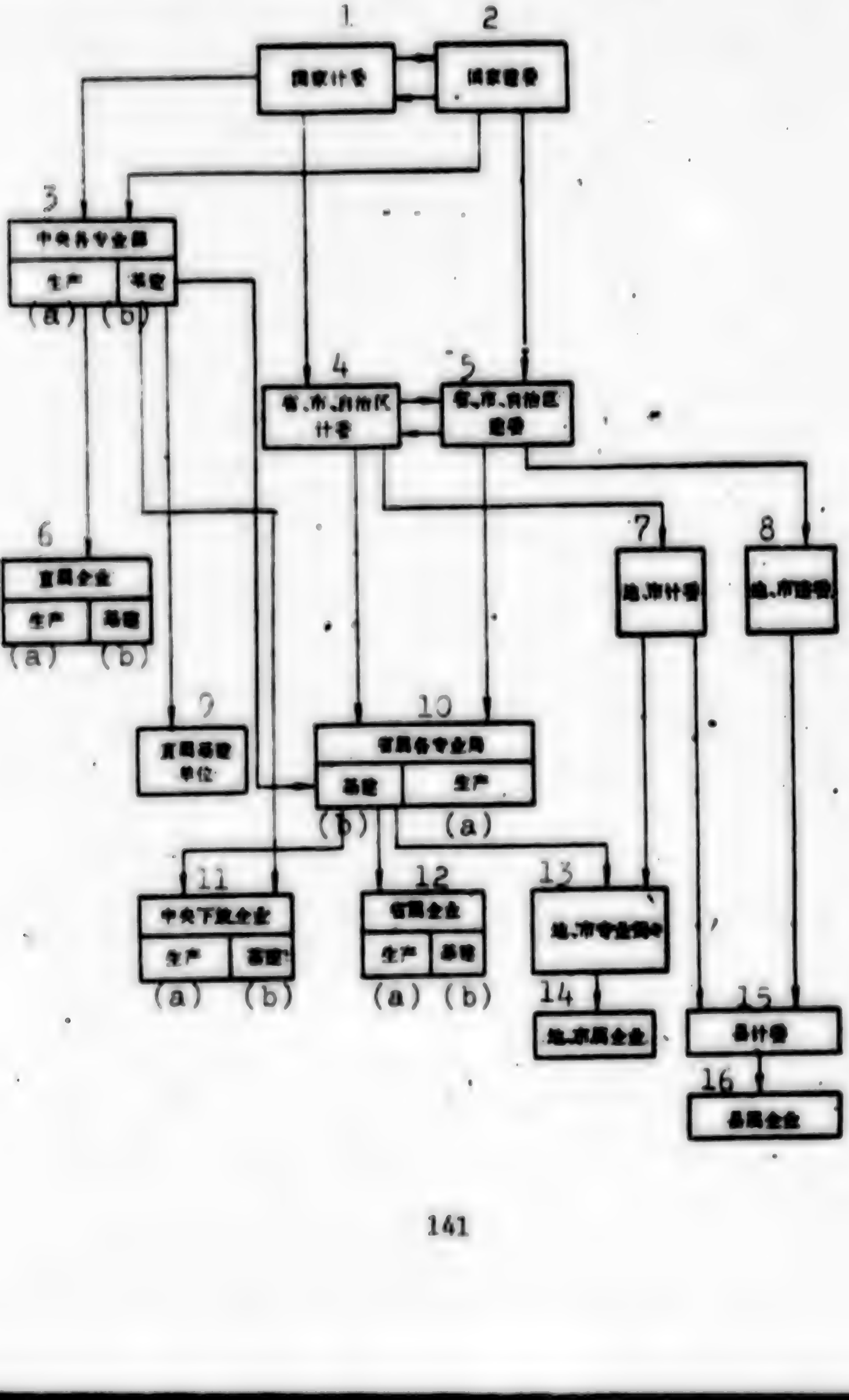
However, with the growing scope of capital construction, new changes have taken place along with the growing complexity of the work of basic construction and management. Particularly in the past 10 years and more, we were confronted with serious problems on the capital construction front--especially the problem of an over-extended front with decentralized forces, chaotic management and appalling waste and loss. These problems have brought serious damage to our national economy and are one of the main causes of the present imbalance.

Then what has made our capital construction so "over-extended, decentralized, chaotic and wasteful?" The causes are many, but an important one is that our present structure and system of management are unsuited to the realities of the objective development of capital construction. Therefore, an overall restructuring is necessary.

(I) On Restructuring the Planning and Management Systems of Capital Construction

Whenever an over-extended capital construction front is mentioned, the basic level comrades usually blame the planning department. They feel that since capital construction in our country is under a unified nationwide planning with differentiated administration, how could the capital construction front be extended beyond what had been planned? We feel that while state planning was certainly responsible for the over-extended front, we must also note the many factors which may affect and interfere with state planning. One of these factors is the element of decentralization and anarchism in our planning and management systems. The so-called differentiated administration in fact means decentralized management. Nominally, there are only two levels from the capital authorities to the provincial, municipal or autonomous regional level, but actually there are four:

First, the State Planning Commission and the Station Capital Construction Commission; second, the central professional departments; third, the provincial, municipal or autonomous regional planning committee and capital construction committee; and fourth, the provincial, municipal or autonomous regional professional bureaus. The system of management is basically one of "combining production with capital construction." In other words, it means the joint administration of capital construction by both the production departments and the production enterprises. Apart from the large and medium-size projects which have their own management structures, most capital construction projects are undertaken by the production enterprises serving as the capital construction units. Both planning and management have their chains of command which are crisscrossing and complicated as shown in the following diagram.



Key: 1. State Planning Commission
2. State Capital Construction Commission
3. Various professional departments at the central level including (a) production and (b) capital construction sections
4. Provincial, municipal or autonomous regional planning committee
5. Provincial, municipal, or autonomous regional capital construction committee
6. Directly affiliated enterprises, including production and capital construction sections
7. Prefectural or municipal planning committee
8. Prefectural or municipal capital construction committee
9. Directly affiliated capital construction units
10. Various professional bureaus affiliated to the province, including capital construction and production sections
11. Enterprises invested with central authorities, including production and capital construction sections
12. Enterprises affiliated to the province, including production and capital construction sections
13. Prefectural and municipal enterprises
14. Prefectural and municipal enterprises
15. County planning committee
16. County enterprise
    (a) Production
    (b) Capital Construction

Practice over many years has shown that the structure of organization and system of management are disadvantageous for the liberation of productive forces or for mobilizing the activism in various quarters as well as for centralized planning. Its defects are quite obvious:

1. The complex structure of capital construction as characterized by the many trades, levels and leadership organs involved; by the complex relationships among them and the crisscrossing of central and local authorities. This brings about a decentralization of authority in capital construction management, duplication of functions, and lower efficiency, and encourages the practice of "passing the buck" and "kicking the ball" among the leadership organs. Requests for instructions from and issuing instructions to the lower levels is usually a protracted affair requiring months.

2. The serious decentralization of the work forces for capital construction. Even in the same location, trade barriers make it impossible for the work forces to be unified under a centralized command. Thus shortage of hands for one trade and enforced idleness for another are quite common.

3. Duplication of work. In some construction projects, there is duplication among different trades, duplication of the central and local authorities and duplication of different levels. Because of the duplications, the productive capacity of some plants is excessive to their actual needs with the result that they either cannot operate at full capacity or have to produce unsalable goods. This is a waste of the productive capacity as well as waste of money, manpower and material in factory building.

4. The leadership's bias toward production at the expense of capital construction because of the system of joint administration of capital construction by the production departments and the production enterprises. This leads to many contradictions which obstruct the normal development of capital construction.

5. Difficulty in observing the objective laws of capital construction. Because of their urgent need for production, some departments and units have hastily started work without following the procedures of capital construction. They carried out prospecting, designing and construction simultaneously resulting in "more haste, less speed."

6. The difficulty to overcome departmentalism and decentralizationism in capital construction, which is even more serious. Because of the lack of centralized authority over capital construction management, some departments, localities or enterprises usually pay more attention to partial requirements or benefits of their own locality, trade or units than they would for the overall situation or the overall balance of the entire national economy. Thus they blindly over-committed themselves, expanded their scope of construction, and, consciously or unconsciously, joined the scramble for state assignments, investments, equipment and materials.

Some of them diverted funds and materials, originally intended for planned projects, to extraneous undertakings. As a result, the planned projects could not be accomplished, but extraneous projects were rapidly completed. The central government has repeatedly issued directives or forbid the building of mansions, halls, clubs and guest houses, for example; yet construction of these items have been particularly rapid because some localities had no scruple in appropriating other funds and materials. We must not overlook the harms caused by this type of decentralizationism and departmentalism.

Then how can we solve these problems? An important measure is to restructure the organization and management system of our capital construction in such a way that the superstructure will correspond with the economic base and the relations of production will correspond with the growth of productive forces.

First, the system of capital construction planning must be centralized. China is a socialist country and socialist economy develops in a planned and proportionate way along with planning for an overall balance. Therefore, the authority for the planning of capital construction should be limited to the central and the provincial, municipal or autonomous regional levels. At the central level, the State Planning Commission works out a long-range plan based on the available national resources. It then strikes an overall balance, and stipulates the total amount of state investment on capital construction and the number of capital construction projects each year. The plan is then forwarded to the State Capital Construction Commission for implementation, and the various planned targets are distributed among various provinces, municipalities and autonomous regions according to an overall balance. The administrative authority over capital construction should be concentrated on the State Capital Construction Commission, and other central departments can be relieved of the responsibility for capital construction. The internal balance of each construction project and the construction planning should be under the unified administration of the State Capital Construction Commission.

The provincial, municipal or autonomous regional planning committee, acting in accordance with the planned targets for capital construction handed down by the State Planning Commission and the other planned projects financed by the province, municipality or autonomous regions, should work out an overall balance for the province, municipality and autonomous region and then forward the capital construction plan to the provincial, municipal or regional capital construction committee. The administrative authorities over provincial, municipal or regional capital construction should be concentrated in the hands of the provincial, municipal or regional capital construction committee, and the professional bureaus affiliated to the province will no longer participate in such administration. The internal balance of projects and the implementation of the plan will be undertaken by the capital construction committee.

In this way, the number of administrative levels is reduced and the chains of command are more clearly defined. There must be a centralized and unified plan for capital construction before this front can be shortened for the concentration of efforts. At the same time, this will help develop the initiative of the central and the local authorities. Provided the general balance of the national economy is not disturbed, the localities can mobilize its own financial and material resources to start some locally needed construction projects.

Secondly, capital construction should be under an independent system and a chain of command through all levels. It should be entirely separated from the production departments and production enterprises. By this means, it will be possible to eliminate "backdoor dealings" in state planning and prevent the undertaking of unplanned projects. It will also be possible to plug the loopholes for the funds and materials earmarked for planned projects. When capital construction throughout the country is under the unified management of the State Capital Construction Commission, the other central departments can be relieved of the task of capital construction administration, and their capital construction contingents, service teams and other directly affiliated units will be completely taken over by the State Capital Construction Commission to be reorganized into certain construction bureaus to help the State Capital Construction Commission exercise its own functions. After the amalgamation of the central administrative organs of capital construction, the personnel can be greatly reduced; the organization will be more compact; their operation will be more flexible; their functions can be all-round; and their efficiency will be greatly raised.

When the provincial, municipal and autonomous capital construction committees use the same method of unified control over the projects of various trades according to their established status within their own jurisdiction, they can have not only complete administrative bodies but also all the necessary means for carrying out capital construction, such as the expertise for prospecting, designing, scientific research and construction. They can also set up certain directly affiliated specialized companies. Equipped with these facilities, they will be in a position to fulfill the state plans which comes under their jurisdiction, and complete the various projects planned by the province, municipality or autonomous regions, besides providing leadership for the capital construction committees at the prefectural and municipal levels.

The task of the production enterprises is to promote production and they are no longer required to serve as construction units with the concurrent responsibility for capital construction administration. If large-scale renovation, expansion or new construction projects are carried out by production enterprises, approval from the higher authorities should be obtained so that these projects can be incorporated in the state capital construction plan and be controlled through the proper channel. If the enterprises, with their expanded decision-making power and having more funds for tapping their potentials and renovating and transforming their equipment, want to undertake any important project, their funds, materials and equipment should be transferred to the capital construction system and the construction job can be entrusted to the capital construction departments on a contract basis.

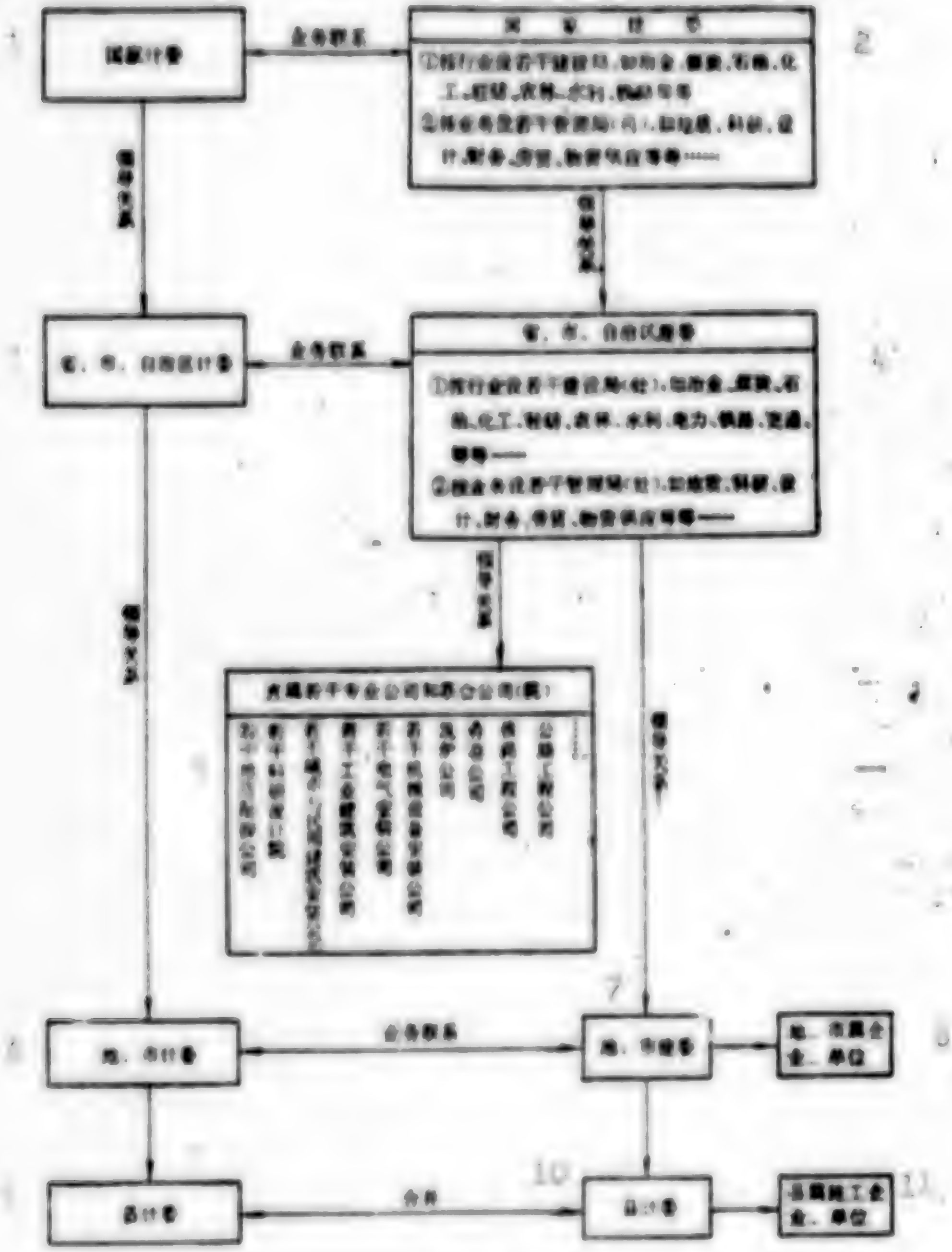
Construction units should be independent. While accepting the leadership of the construction administration departments at the higher levels, they should not be combined with the production enterprises. They should be well organized and equipped with a professional contingent, and their task is to complete the capital construction projects and then hand them over to other units for production and operation. These construction units should not be disbanded as soon as their job is over, as though they are organized only for a certain construction project. Each construction unit can take care of many small and medium-size projects. When one project is completed, they can accept other new ones, just as a professional construction administration contingent would do.

A construction project, having been completed and commissioned, cannot be simply handed over to the production departments free of charge. The construction unit can negotiate for the recovery of its investment on the construction by annual installments. This will be a direct reflection of the result of investment. The recovered funds from investment on capital construction should be handed over to the state to be used as circulating funds for capital construction in the next year. This will directly encourage the construction units to make rational use of investments and to be judicious in the use of funds.

Thridly, the geological teams serving capital construction should operate like enterprises. The existent geological and prospecting professions should be organized as professional companies at the provincial, municipal and autonomous regional levels. The work they have already done and the quality and quantity of geological resources they have supplied to the state should become the source of the enterprises' economic benefits. The present supply system should be abolished.

Fourthly, the system of organization and management for scientific research and design for capital construction should be restructured. The existing scientific research and design academies (institutes) in various trades and professions should be appropriately readjusted and reorganized for division of work according to their specialties. These units should be established at the central and the provincial, municipal or autonomous regional levels. Professional or all-round scientific research and designing structures should be organized, with greater stress on those at the provincial, municipal or autonomous regional level, for undertaking scientific research or design on a national and regional scale.

After the readjustment and restructuring as mentioned above the structure and system of management will be as shown in the following diagram:



Key:

1. State Planning Commission
2. State Capital Construction Commission, including (1) a certain number of bureaus established according to different trades and professions, such as metallurgy, coal, petroleum, chemical-industry, light and textile industries, agriculture and forestry, water conservation, railway and so forth; and (2) a certain number of administrative bureaus (departments) according to different vocations, such as geology, scientific research, design, finance, labor and material supplies.

3. Provincial, municipal, or autonomous regional planning committee
4. Provincial, municipal or autonomous regional capital construction committee including (1) a certain number of bureaus (sections) for different trades, such as metallurgy, coal, petroleum, chemical industry, light and textile industries, agriculture and forestry, water conservation, electric power, railway, communications and (2) supplies of funds, manpower and materials for various purposes.
5. Directly affiliated professional companies and amalgamated companies (academies), including certain numbers of geological scientific research and designing academies, urban and nongovernment construction and installation companies, machinery equipment installation companies, boiler building companies, lane-opening companies, railway engineering companies, highway engineering companies and so forth.
6. Prefectural and municipal planning committees
7. Prefectural and municipal capital construction committees
8. Enterprises and units affiliated to prefectures or municipalities
9. County planning committee
10. County capital construction committee
11. Construction enterprises and units affiliated to counties

[Note: With the exception of the bottom one which denotes amalgamation, all the other horizontal lines denote vocation relationship, and all the vertical line denote chains of command.]

This form of organization and system of management have striking merits:

(1) Capital construction has an independent chain of command with administrative power limited to the central and the provincial, municipal or autonomous regional levels. Several leadership groups are combined into one which exercises its power from the top all the way down to the bottom. Its function is complete; the number of levels is reduced; and the efficiency is raised.

(2) All professional forces engaged in capital construction can be scientifically organized. There will be a rational division of work and concentration of power to form a "fist." Thus a lot of room will be left for the liberation of productive forces along with the establishment and development of professional companies and amalgamated companies.

(3) Capital construction throughout the country can be carried out under unified planning and differentiated administration. Within the scopes of the country and the province, municipality or autonomous region, the capital construction of various trades and profession can obtain a better overall balance with guarantee to the key projects.

(4) Capital construction can proceed under planned administration and according to economic laws; and the former phenomenon of "once centralized, rigidity sets in; once decentralized, chaos ensue" can be eliminated.

(II) On the Restructuring of the System of Carrying Out Construction

In carrying out capital construction, the system is mainly one of central control supplemented by local control. The national capital construction forces are now spread out among various trades and professions. Apart from those belonging to the capital construction system, the work forces are mainly under different professional departments and are only concerned with the capital construction projects of their own departments. For example, many work teams directly affiliated to the central departments undertake large and medium-size capital construction projects throughout the country, while the local work teams are divided under different trades or departments in charge of these trades. This system was fairly effective when the first- and second-five year plans were carried out. But now the conditions have changed. While we are in the new period of the four modernizations, this "petty peasantry economy" style of control is no longer suitable for the objective conditions of development. The unsuitability is mainly shown as follows:

First, the work teams are organized to serve only specific professional undertakings and cannot go beyond their own trades. This restricts the development of the productive forces of these teams. Different work teams in the same location cannot come under a unified command to be used as a concentrated force, and, as a result, some trades are sometimes short-handed while others are over-staffed. This causes great losses.

Trans-provincial movements are quite frequent in the country. After working on a project in one place for several years, the contingent, with all its personnel, machinery and equipment, will have to move to another place. Such large-scale movements exert pressure on transportation and causes waste. At the same time, it imposes great inconvenience and hardship on the home life of the construction and installation workers and staff members.

Thirdly, it hinders the establishment and development of a construction and installation base and is disadvantageous for the construction industry to operate after the pattern of a factory and to raise its efficiency. To produce as a factory or an assembly plant is the only way for the construction industry to realize modernization. In the past, however, the frequent movements of some construction enterprises led to the dismant'ing of construction bases on which large investments had been made. Dismantling after setting up has caused great loss and waste to the state. When the construction industry fails to operate steadily after the pattern of a factory or an assembly plant, its development and improvement will be difficult after all.

To overcome these defects, the construction and installation contingents should be organized and managed on a regional basis, and all the working forces in the country should be distributed among various provinces, municipalities, and autonomous regions, and placed under the unified command of the province, municipality or autonomous region where they are located regardless of the present trade barriers. They will then be free to work for different trades. Under the leadership and administration of the capital construction committee of the province, municipality or autonomous region, the local and professional work teams should be combined to form a certain number of amalgamated professional companies and branch professional companies to undertake all the capital construction projects of all trades and professions as long as they are in the same province, municipality or autonomous region.

A balanced disposition of work forces within a province (region) will have these advantages:

(1) The work forces can be regulated under the unified leadership of the province (region), and thus their availability for certain planned projects can be guaranteed, while the tasks for the work forces can be relatively stable, uniform and flexible for adjustments. The spectacle of enforced idleness for some enterprises and excessive work for others in the same location can be avoided.

(2) The movement of the work forces can be greatly reduced. If their movement is confined within the province (region), they will go to other province only briefly and in small numbers to give support under special circumstances. As soon as their supporting job is over, they will return to their home base.

(3) With the construction enterprises permanently stationed in a province (region), conditions will be favorable for them to establish a permanent production base and permanent homes for their personnel, and construction and installation can be carried out after the pattern of a factory or an assembly plant, resulting in a higher mechanization level and high labor productivity. With their permanent homes set up, the workers and staff members can enjoy more steady livelihood.

After all, this system will mean greater saving for the state and help the development of the construction industry itself. This is an important condition for the construction and installation enterprises to realize their modernization.

(III) On Restructuring the System of Material Supply for Capital Construction

Our present system of material control is rather chaotic.

This is mainly shown in the complex supply channels, the many levels involved, and the use of administrative methods for distribution and circulation. The control is too rigid and the area for planned supply is too large. Therefore, it is difficult for the market to play its regulatory role.

Capital construction, as a department, consumes huge amounts of industrial materials. The system of material supply for capital construction should be one of the combination of planned state supply and market regulation to lend greater flexibility for the construction units.

The materials required for capital construction under state plan should have an independent channel of supply. The State Capital Construction Commission should have an overall control of the requisition, distribution and supply of materials for capital construction according to plan throughout the country. They should also have the responsibility of examining the plans and requisitions from the provinces, municipalities and autonomous regions, and approving the indices of material distribution to the lower levels. The material department of the State Capital Construction Commission has no need for direct contact with the construction units or direct control of the materials by setting up government agencies for the marketing of these materials. It merely serves as a planning department for materials and is therefore a fairly simple organization.

The capital construction committee of a province, municipality or autonomous region should have overall control of all planned materials for capital construction projects, and be responsible for requisitioning these materials from the higher authorities to be supplied to the construction units under its jurisdiction. They are not only the planning departments of capital construction materials, but also the controlling and supply agency. A certain number of specialized marketing companies can be established for capital construction materials, such as machinery and power equipment companies, construction material companies and so forth.

Plannings for capital construction materials should be based on the construction projects as separate units, and the total amount required should be determined according to the designs. The materials should be made available to the construction units according to the plan for capital construction each year.

Apart from the supplies allocated according to state plan, other materials, including local materials, should be obtained directly from the market by the construction enterprises. The amount of supply under state plan should be reduced and the market supply should be expanded in order to give full play to the regulatory role of the market.

The strong points of this system of material supply are:

(1) All trades and professions can be much simplified, and a large number of personnel engaged in duplicated material control at various levels and in various control organs can be surplused.

(2) The complex procedures for material supply can be simplified by strictly following the contracts. The marketing departments deliver goods to the construction units directly according to the contract, and the number of buyers can be greatly reduced, thus ending the situation of "buyers of various enterprises scurrying from place to place."

(3) Storage and stocking can be greatly reduced, thus promoting the circulation of materials. In the past, warehouses were built at every level and in every trade, and there was no way to adjust the surplus and deficit. Because the goods-in-stock could not be fully utilized, and these goods continued to pile up, waste from stagnation resulted. From this, we can see that the system of material control must be restructured.

Capital construction is a means of socialist reproduction. If we can restructure the control system of capital construction according to the laws of socialist reproduction and treat capital construction as a major independent trade, then our work in this field can be very much simplified.

Of course, the restructuring of the system of capital construction is a very complex affair affecting a wide area. Any drastic resturcturing will naturally encounter resistance from various quarters. However, practice is the sole criterion of testing truth. Restructuring must be carried out, because of the objective demands in the development of productive forces. We believe that under the guidance of the correct policies of the central authorities and through our own efforts, we can certainly solve this problem in a rational way and complete the various capital construction projects with greater, faster, better and more economical results.

9411
CSO: 4006

NEW HOUSING DESIGNS IN BEIJING INTRODUCED

Beijing BEIJING RIBAO in Chinese 12 Jun 80 p 1

[Article: "Lower the Ceiling Heights; Enlarge the Living Areas--The Municipal Architectural Design Institute Introduces a New Housing Model"]

[Text] BEIJING RIBAO reporter Ju Danchi [2612 0030 6375] reports: The Municipal Architectural Design Institute has recently designed a new housing formula which has a low ceiling and a high coefficient of the living area with additional sanitary facilities; it has also constructed a model.

Zhang Kaiji [1728 7030 3444] general engineer of the Municipal Architectural Design Institute, told this reporter: The ceiling height (2.9 meters) of multi-story residences being used in our country is currently the highest in the world; however, this is not a sign of progress but a phenomenon of wastefulness.

The net ceiling height of general residences abroad is around 2.4 meters to 2.5 meters; not all of them have temperature control facilities. Our country falls far behind the international level in square footage of living areas, construction facilities, and remodeling standards. Yet the ceiling alone is much higher than the international standardized level--this phenomenon is worth our earnest study. Some architects recognize that whether or not a residence is comfortable and sanitary does not depend chiefly on a difference of between 20 to 30 centimeters of ceiling height but on whether lighting, ventilation, surface layout and space allocation have been worked out right.

During the past year or so, the 8th Designing Room of the Municipal Architectural Design Institute actively developed comprehensive studies in the improvement of housing design, and has come up with proposals to improve the current multi-story housing for workers in Beijing Municipality. The proposals include: lowering the ceiling height of residence from the original 2.9 meters to 2.7 meters and, with the money thus saved, investing in larger construction areas allowing the area of each residence to increase from an original 53 square meters to 55 square meters; putting in additional sanitary facilities to solve the washing problem; giving attention to rational layouts so that the area can be fully utilized and the investment can bring about greater benefits and effectiveness.

In order to examine the results of the housing design study, the Municipal Architectural Design Institute employed new technology, new materials and new products as much as possible to construct a model for housing studies. Comrades in charge of units, and cadres concerned about housing designs and technological personnel have already toured the model. The majority of comrades are satisfied with the design formula with the 2.7-meter high ceiling. Many comrades firmly opposed to lowering the ceiling height in the past expressed approval upon seeing the model.

The model has a ceiling 2.7 meters high, 2.54 meters when measured from the inside, and has adopted the two designs from the "Multi-Space Plan" and "Open-Living-Room Plan." The "Multi-Space Plan" allows plenty of space and has a compact layout; it solves not only the questions of adequate accommodation and flexible division, but its 9-square-meter living room also has the multi-functions and effectiveness of a dining room, reception room and living area. This design lacks the hallway which was used solely as a passageway in the older housing; the hallway is blended in with the living room and the other rooms. The passageways are concentrated on the side, at the far end of the rooms, thus preserving the completeness of the rooms. The south facing family room, due to its square shape, is spacious and bright and easy to furnish. In the treatment of space, there is a glass division between the family room and the living room designed with windows on top and cabinets below. On top, there are the glass windows; below, there are the cabinets made of plaster boards which can be used to store items. This type of dividing design fulfills the functions of space divider, light transmission and storage provision. At the same time, due to the simple and neat window divider which effects a mild transfusion of light, this device gives people a sense of quietness, openness and comfort, as well as activates the aesthetic effect of interior decorations. The coefficient of the housing area of the "Multi-Space Plan" can reach 60 percent, 10 percent higher than the general housing of old. In addition, there are greater improvements in sanitary facilities. The bathrooms have toilet bowls, small wash basins and small fiberglass bathtubs; the kitchens have additional dish cabinets and chopping shelves while the family rooms have wall cabinets and attics. The "Open-Living-Room Plan" is a two-bedroom, one-living-room design. Due to limited space, the model demonstrates this plan using only one bedroom and one living room. Upon entering the house, we find a well lighted living room with direct lighting which can be used to receive guests, dine or live in; this room can also be divided by curtains or other light weight material and used as small, independent rooms. The south facing rooms are all well lighted family rooms. The bathrooms are designed with showers. Small wash basins are placed between the bathrooms and the kitchens. Simple and easily operated water heaters are installed in the kitchens to provide hot water for showers.

9519
CSO: 4006

BRIEFS

GUANGDONG CONSTRUCTION MATERIAL--In the first half of 1980, the total value of construction material production in Guangdong increased by 15 percent over the corresponding period of last year. The output of 21 main products including cement, glass, bricks and enamelware was overfulfilled for the first half of the year with seven products becoming popular throughout the country. These also sold in some Southeast Asian countries and Hong Kong and Macao. The output of cement for the first half of this year reached 2,283,200 tons, fulfilling 53.1 percent of the year's plans. This was an increase of 14 percent over the corresponding period of last year. [Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 24 Jul 80 HK]

CSO: 4006

DOMESTIC TRADE

CRACKDOWN ON ILLEGAL BUSINESS PRACTICES URGED

Beijing RENMIN RIBAO in Chinese 12 Jun 80 p 2

[Article by Song He [1345 4421]: "Why Is There a Lull in the Handling of Price Policy Violations?"]

[Text] Since last year, Chongqing municipality has conducted four extensive price investigations among the masses, bringing to light altogether more than 20 serious cases of violations against pricing policies and regulations, infiltration of inferior products and impure additives, etc. However, quite a number of such cases are not being pursued or, although municipal and ward (county) governments have decided on such cases, the parties involved and their superiors willfully refused to act on them.

From January 1977 to September 1978, the Worker-Peasant Milk Shop in the county seat opened by the Food and Beverage Service Company of Changshou County in Chongqing Municipality mixed 75,665 jin of water to 361,189 jin of fresh milk bought from county farms and sold it, obtaining exorbitant profits of more than 14,700 yuan. These harmful illegal activities were soon reported to the County Commercial Bureau by the masses, and not only did the revelation fail to elicit serious attention, but Li Fusheng [2621 4395 3932], who was in charge of the milk shop, was transferred to the County Food and Beverage Service Company as a section chief. Due to the strong discontent of the masses, the County Price Policy Department and the Industrial and Commercial Administration conducted a fact-finding investigation of the incident last February, but they have still failed to draw the serious attention of the County Revolutionary Council. The dispute made its way to Chongqing Municipality. After being pressed many times by the relevant municipal departments, the County Revolutionary Council made three decisions in Octover 1979: First, revoke the title "Advanced Unit" from the Worker-Peasant Milk Shop. Second, confiscate all of the shop's illegal profits for submission to the treasury department. Third, the person in charge of the shop is to give a public account of his actions. Yet, the outcome was so strange: Not only were the decisions of the County Revolutionary Council not implemented, but the Worker-Peasant Milk Shop, following the announcement of the decisions and using "quality and quantity not meeting standards" as an excuse, refused to continue to sell milk, and the people of Changshou county seat were unable to buy milk for several days; the consequences were quite disastrous. More than half a year has passed and still not even one cent has been remitted to the treasury department by the milk shop which was supposed to surrender all of its illegal profits, and the person who was in charge of the shop is securely and firmly seated as a section chief in the County Food and Beverage Service Company.

Take another example. In January 1979, the Ganguo Company of Nantong district in Chongqing privately transported more than 20,000 jin of dou-fen-tiao [a food item made with ground beans], which the state planned to supply, to Ling Province and traded them for 42,000 jin sunflower seeds. The company refused to implement the wholesale and retail prices regulated by the Ward Price Control Council, and brought price confusion to the market and dissatisfaction among the masses. In July 1979, the Ward Revolutionary Council revealed the mistakes of the Ganguo Company in violating price policies and codes to the entire district, and decided to confiscate the illegal profits made by the company from its arbitrary price-fixing policies. The Ward Treasury Bureau instructed the Ganguo Company to remit the funds many times, but the company has put off payment. Chen Renfeng [7115 0088 0023], director of the Supply and Marketing Cooperative of Nantong district, even sided with the company many times, saying things such as "the decision of the Ward Revolutionary Council is wrong," thereby making it basically impossible to carry out the decisions of the Ward Revolutionary Council.

People cannot help but ask: What do the person in charge of the milk shop and the Ganguo Company of Nantong district have to fall back upon that they can feel so secure? Why cannot the decisions of the Changshou County Revolutionary Council and Nantong County Revolutionary Council be implemented? The leadership concerned has the responsibility to provide answers to the masses. In fact, appeasement on the part of the leading departments will certainly pamper those who intentionally break the law and commit criminal acts. True enough, right here in Changshou County, an incident regarding a supply and marketing cooperative selling wine mixed with large quantities of water occurred; another incident concerning a hog collecting and purchasing station adding lead to the weights of the steelyard with the result of 100 jin of hogs turning out to be no more than 90 jin, also occurred. Are not all such incidents worth the consideration of their supporters and protectors?

9519
CSO: 4006

ELECTRONIC COMPUTERS BEGIN TO ENTER MARKET

Beijing RENMIN RIBAO in Chinese 12 Jun 80 p 1

[Article: "Electronic Computers Enter the Market"]

[Text] Electronic computers, which were centrally distributed by the state in the past, have begun to enter the market, and buyers are able to select and purchase good quality products based on their own needs. Recently, in the Computer Trade Show organized by the State Bureau of Computer Industries, a series of medium, small and mini-size computers manufactured in China have been openly displayed for sale; trading has been quite active.

Included in this trade show are the three series of DJS 100, 180 and 200 computers manufactured by 50 factories throughout the country, and the DJS 050 and 060 mini-computers, as well as a total of more than 200 compatible outside components. These computers are already being widely employed in a number of domestic spheres such as scientific calculations, statistical management, production monitoring, business administration, medical diagnosis, electronic network adjustment, electronic message transfer, and intelligence information evaluation.

The DJS 100 Series computer, which has the highest production figures and a more complete range of applicable components, declined in cost last year by 40 percent. This year, based on last year's price reduction and with prior approval of relevant departments, the price has spiralled downward another 25 percent per item.

The trade show is being held in the Beijing Worker's Sports Stadium and is scheduled for exhibit and sales for one month.

9519
CSO: 4006

DOMESTIC TRADE

LHASA MUNICIPAL GOVERNMENT ENCOURAGING TRADERS, PEDDLERS

OW251306 Beijing XINHUA in English 1243 GMT 25 Jul 80

[Text] Lhasa, 25 Jul (XINHUA)--The life of the Tibetan people in Lhasa has become more convenient because a growing number of individual traders and peddlers have begun doing business here.

Some of these traders and peddlers run shops close to their homes, others set up stalls in streets and still others peddle their wares in streets and lanes.

They do a brisk business because they sell commodities and foodstuffs popular with the Tibetans. Among them are hand-made rugs and woollen fabrics, Tibetan-style aprons, woollen blankets and boots, rings, earrings, sweet buttered tea and wine made of highland barley, as well as various dishes of national flabour.

Also available in their shops and stalls are silk pendants of earrings, cupboards of the Tibetan style, buckets for holding butter and other products used by national minorities which previously were often unavailable on the market.

A number of Tibetan people in Lhasa have opened private tailor's and barber shops or are engaged in other service and repair trades.

Between July 1 and 15, 70 small traders and peddlers registered with the Lhasa Municipal Administrative Departy for Industry and Commerce for licenses to operate. Nearly 100 others have applied for licenses since.

To encourage the emergence of small traders and peddlers, the Lhasa Municipal Government has decreed that state-owned wholesale stores should sell them goods at wholesale prices and that they will be exempt from paying business taxes for two years.

The policy of permitting individuals to run small shops and stalls and to engage in service trades has been put into practice in other parts of the country. These private undertakings serve as a supplement to state trading agencies and cater to the daily needs of the people.

CSO: 4020

BRIEFS

SHANDONG FINANCE-TRADE CONFERENCE--The Shandong Provincial CCP Committee recently held a financial and trade work conference in Qingdao Municipality to emphatically study ways to enliven commodity circultation. Comrade (Wang Jinshan), secretary of the Shandong Provincial CCP Committee, attended and addressed the conference, at which resolutions were adopted in an effort to relax restrictions, to open more commodity circulation channels and to actively support and protect commodity competition. The conference held: The emphasis of the current task should be placed on doing a good job in grasping business run by collectives and paying attention to developing a large number of business firms run by individuals. Efforts should be made to extensively carry out joint ventures. The conference also made arrangement for financial and trade work in the second half of 1980. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 25 Jul 80 SK]

CSO: 4006

FOREIGN TRADE

PRODUCTION OF MORE LABOR INTENSIVE PRODUCTS FOR EXPORT URGED

Beijing BEIJING RIBAO in Chinese 9 Jun 80 p 3

[Article by Fang Gongwen [2455 1872 3306]]

[Text] I saw a previous news item in the BEIJING RIBAO which mentioned that an unemployed youth named Chong Wenqu [1504 2492 0575] had organized a cooperative for handsewn sweaters and has contracted with an American firm to make acrylic open-neck sweaters. The news item was very brief, only about 200 words, but in reading it I felt inspired. Handsewn sweaters are labor-intensive products, that is, they are products in which there is large concentrated quantity of labor. They do not require machinery and equipment to the point of needing factory buildings and workshops. A few small bamboo needles and an unemployment problem is solved. Further, it can increase exports for a gain in foreign exchange. This has great significance for four modernizations construction.

In carrying forward modernization construction, we must introduce a number of new technologies and equipment. We must also import a number of consumer goods to satisfy the living requirements of the people. No matter what means are used for the importation of these things, in the end, we must use our commercial export products to pay for them. The significance of this is that the growth rate of export trade will also restrain the speed of four modernizations construction to a certain degree. The production of handsewn sweaters and this kind of labor intensive product not only provides foreign exchange for the country, but even more importantly provides good experience for how to swiftly develop export trade.

Presently, our country is comparatively backward in its economy and technology, and securing a position in a fiercely competitively world market will be no easy matter. People often characterize the competition in the world market as "trade war." If we are to obtain victory in combat, we must enhance our strengths and avoid weaknesses. That is, we must use our strengths to control other people's weaknesses. We certainly cannot meet other people's strengths head-on with our weaknesses. Our strengths are a vast territory, a large population and abundant labor and natural resources. Backward production and technology, as well as limited funds are our weaknesses.

Concerning products which require large quantities of investment, which are also referred to as capital intensive products, if the necessary conditions exist, we will naturally vigorously strive to export these products and enter the international market. However, generally speaking, this is our weakness and we cannot produce more of these sorts of products for export. However, labor intensive products such as handsewn sweaters do not require huge investments and advanced equipment, and are able to absorb large quantities of labor power. This is precisely our strength and we should energetically develop and vigorously export these sorts of products.

Some people feel that, "The rate of foreign exchange return is low and not worth it." I feel that this sort of view is incorrect. To explain the problem, I would like to use British capitalist class, classical political economist David Ricardo's "Theory of Comparative Capitalism" as a reference. Ricardo hypothesized that for England to produce a set quantity of wool, it would require the labor of 100 workers for one year, and to produce a set quantity of wine, it would require the labor of 120 workers for one year. However, for Portugal to produce the same quantity of wine would only require the labor of 80 workers for one year, and to produce the same quantity of wool would only require the labor of 90 workers for one year. In comparing the two, England's labor and production rates are all lower than Portugal's. However, in wool production the difference is somewhat less. If England exchanges with Portugal the wool which utilized the labor of 100 workers for one year for wine, it can obtain in return wine comparable to that which would take 120 workers one year to produce and save the labor of 20 workers for one year. Also, the wine Portugal produces using the labor of 80 workers for one year can be exchanged for wool which is similar to that which would take 90 workers one year of labor to produce for itself. Therefore, in this sort of trade both sides are able to gain. Our present labor productivity in each and every realm of production is lower than the developed countries. However, relatively speaking, the disparity for labor intensive products is smaller than for capital intensive products, so using labor intensive products in exchange for the products needed for four modernizations construction is more beneficial for our economy. Further, wages in developed countries are high and labor expenses are costly. Our wages are comparatively low, so the cost of producing labor intensive products is low, making them even more competitive on the international market.

Comrades who feel that the rate of foreign exchange return on labor intensive products is low may have an erroneous understanding of the rate of foreign exchange return. The rate of foreign exchange return is the principal index for measuring the economic results of commercial exports. But people have always talked about foreign exchange rates from the angle of use value in the past, for example, how much foreign exchange return for one ton of steel or for 1200 shirts. For this kind of foreign exchange rate, the use value of different commercial products is not the same and there is no way to compare them. Even for a certain kind of commercial product, how much cost was expended or capital utilized for a return in foreign exchange cannot be discerned. That is to say, the economic results cannot be discerned.

It is just for this reason that even though the rate of foreign exchange return seems high for some commercial products, in fact it is business operating at a loss. I advocate that the rate of foreign exchange return should use the cost of certain commercial products and the capital used as indicators to compare separately with the foreign exchange return. It is only in this way that the economic results of commercial products exports can be measured. If this sort of rate of foreign exchange return is used to measure labor intensive products, the rate of foreign exchange will not be low.

Not only cities and towns, but villages can also become involved with labor intensive products such as raising silkworms, cultivating flowers, raising goldfish, bamboo weaving, grass weaving, mending, embroidering, as well as the processing of pelt products, etc. To sum up, we must fully bring the superiority of every locale into play and create even more wealth. No matter whether it be the nation, the collective or the individual, this is beneficial for all.

9685
CSO: 4006

FOREIGN TRADE

EXPORT EXPANSION URGED TO EARN MORE FOREIGN EXCHANGE

Chengdu SICHUAN RIBAO in Chinese 10 May 80 p 2

[Text] The Chongqing Industrial Products Import Export Company, for the purpose of expanding the export of industrial products, has taken forceful measures to actively organize the export of new products while grasping the export of existing products. With these existing export products as a base, they had 35 new kinds of products entering the international market this year. This increased their export value output to more than forty million yuan, setting a new standard for the export of industrial products.

This company requested an increase in the variety of exported goods at the end of last year while drawing up programs for the export of industrial products. Based on the needs of the international market, they actively assisted industrial departments in producing new marketable products and very quickly attained success. The Xinan Number Two Pharmaceutical Plant was producing a large quantity of vitamin B4, which was not selling well. This year, they worked jointly with this plant to shift to the production of Adenine by utilizing the raw and processed materials and facilities for the production of vitamin B4. In two months time, a foreign commercial concern placed an order for more than 7,000 kgs. The production tasks of the Xinan Aluminum Processing Plant, which produces aluminum sheets, have consistently been insufficient during the past few years, and yet, the international market for aluminum sheets has been excellent. Based on these conditions, responsible comrades and concerned personnel of the company went down to the factory to aid it in adopting technical measures that would enable the quality and specifications of the aluminum sheets to reach export standards. Products shipped to Hong Kong were very well received.

The Chongqing Industrial Products Import Export Company has adopted various forms to vigorously strengthen product propaganda and successfully market their products. At the outset of this year, they got together with the industrial sector and suggested more than 100 new varieties of products for export. They compiled and printed as propaganda the quantity and quality of each sort of product, and did a great deal of preparatory work for the marketing of these products.' Soon afterwards, they energetically introduced these products to higher level foreign trade departments and ports to strive for their export. Also, after providing merchandise to cooperating ports, they took the initiative to approach other ports to market their products for export, or they held talks directly with foreign commercial concerns. The by-product phosphorous nitrochlorobenzene obtained from p-nitrochlorobenzene at the Sichuan Dyestuffs Plant is a hot item on the international market. However, there is no market for p-nitrochlorobenzene and only exporting phosphorous nitrochlorobenzene is not a worthwhile proposition, so the factory has always been unwilling to produce it. Not long ago, they, along with the plant and port held talks directly with Japanese business people and introduced their production technology and product performance in detail. They also invited them to go to the plant to take a look around, thereby opening up an avenue of sales for these two products.

This company has further paid attention to bringing the role of the law of values into play and used floating prices. This has mobilized the positive nature of enterprise and production export of industrial products. In the past, some of Chongqing's industrial products were too expensive and foreign commercial concerns were unwilling to place orders. Some of them were too cheap and the plant was unwilling to produce them. This year they have coordinated closely with the industrial sector and nimbly adjusted product prices based on price fluctuations in the international market, thereby promoting the production and export of industrial products for sale abroad. The dinapthol produced by the Sichuan Chemical Plant has broad sales applications in the international market. However, since the foreign trade purchase price and plant profit were too low, the plant was unwilling to produce it for export. They talked this over with the port, and based on the sales volume and selling price of dinapthol on the international market, they raised the purchase price by more than 20 percent, which has mobilized enthusiasm for plant production of dinapthol for sale abroad and culminated in an export mission of more than 2,000 tons.

9685
CSO: 4006

CHINESE TEXTILE WORKERS RENDERING TECHNICAL SERVICE IN YEMEN ARAB REPUBLIC

Shanghai JIEFANG RIBAO in Chinese 7 Jun 80 p 1

[Article by Yang Weitong [2799 0251 6639]: "Shanghai Textile Workers Render Technical Service in North Yemen"]

[Text] Recently the author learned from the department concerned that the 25 female textile workers who were sent this year by our municipality to the Yemen Arab Republic to render technical service in the textile industry had worked abroad for almost half a year, achieved remarkable success and won favorable comments from the departments concerned of that country. They sincerely wished that this mutually beneficial technical cooperation could be carried on persistently.

Organizing the female textile workers of Shanghai to go abroad and render industrial technical service is a new branch of business of our municipality in economic technical cooperation with foreign countries. This group of female workers went abroad to render service at the invitation of the Yemen Arab Republic's General Bureau of Textile Industry. According to the technical contract signed between China Complete Equipment Export Company and Yemen Arab Republic's General Bureau of Industry, the Shanghai Municipal Bureau of Textile Industry had selected these 25 female workers in the operation of weaving, spinning and warping machines from various textile mills and sent them, in the company of a male sizing worker and an interpreter, in late January this year to the capital of the Yemen Arab Republic to render technical service at the Sana Spinning-Weaving and Printing-Dyeing Mill, and to help the mill workers raise their standard of technical operation. The term of this contract for technical service is one year. Yemen will pay us fees for the technical service according to the agreement.

All comrades of this technical service group going abroad are in the prime of life, and are the key skilled workers in production of their factories. Among them, some are advanced producers and good hands in technical operation of our municipality, the bureau, the mills and the workshops, others are shift and group leaders and instructors in operation. On arrival at their work posts abroad, they always kept in mind the state's trust in them, overcame certain difficulties in living brought about by the unaccustomed climate of a new place, and energetically carried on their work. They took the local workers in hand and earnestly taught them the techniques, and helped them to raise their standard of operation. In the last 6 months, thanks to the common efforts of workers of the two countries, the Sana Spinning-Weaving and Printing-Dyeing Mill conspicuously elevated the standards of technical operation and management, and a fairly great change took place in the appearance of production. According to the statistics in mid-March, in comparison with January, the daily output of both khaki and fine cloth increased on a fairly large scale. The concerned departments of that country highly appraised the results of our country's work of technical service and gave commendation to our fine technical service personnel on "1 May" the International Labor Day.

9039
CSO: 4006

BRIEFS

SHANGHAI TOURIST COMPANY--This city recently established the Shanghai Tourist Company so as to accommodate the growth in tourism and to promote the need for friendly intercourse between the Chinese people and the peoples of all nations. The Shanghai Tourist Company directly handles Jiangsu, Zhejiang and Shanghai regional tourist business with the authority of small cooperative groups formed by Jiangsu, Zhejiang and Shanghai tourist departments. Presently, it has already initiated business contacts with more than forty tourist organizations in foreign countries and in Hong Kong to develop the work of receiving foreign tourists. [Text] [Shanghai JIEFANG RIBAO in Chinese 8 Jun 80 p 2] 9685

DUTY-FREE SHOPS--The China Tourist Service Company, in line with accepted international practice and in cooperation with the Shanghai Bureau of Civil Aviation and the Shanghai Harbor Main Passenger Terminal, has established two duty-free shops; in Hongqiao Airport and Wai Hongqiao Passenger Terminal. They have been doing business since last month. Duty-free shops provide unique and exquisite merchandise from all over the world to travellers who have already completed exit formalities and are about to board aircraft, ships or trains for other countries or regions. They are a separate consumer market for travellers and have no relationship to domestic markets. [Text] [Shanghai JIEFANG RIBAO in Chinese 8 Jun 80 p 2] 9685

GUANGDONG FOREIGN TRADE--In the first half of this year, foreign trade purchases increased by 28 percent over the corresponding period of last year, while foreign exchange from export increased by 29 percent over the corresponding period of last year. In Guangzhou Municipality, foreign trade purchases increased by 120 million yuan over the corresponding period of last year, accounting for 31.7 percent of the total foreign trade purchases throughout the province. Direct exports from Meixian Prefecture increased by 200 percent over the corresponding period of last year. During this period, the industry and foreign trade departments in the province further strengthened coordination and cooperation, improving the quality of products and increasing the varieties. [Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 24 Jul 80 HK]

BEIJING TOYOTA SERVICE STATION—The Toyota Automobile Repair and Service Station, established jointly by the Beijing Motor Service Company and Japan's Toyota Motor Sales Co, went into formal operation yesterday at Guandongdian, Chaoyangmenwai, Beijing. The service station is subordinate to the Beijing Motor Service Co, which provides leadership and economic management, while the Japanese provide technical guidance and assistance. The service station has advanced maintenance and repair equipment for Toyota automobiles, as well as tools, instructional materials, etc, to carry out technical training. It was established to carry out maintenance and repair of Toyota automobiles in Beijing, to supply accessories, and to carry out technological exchanges. [Text] [Beijing BEIJING RIBAO in Chinese 6 Jul 80 p 1]

CSO: 4006

TRANSPORTATION

CONSTRUCTION OF NEW HIGHWAYS REPORTED

Hong Kong ZHONGGUO XINWEN in Chinese 19 May 80 p 7

[Text] A China News Agency dispatch from Beijing reported on May 18 that, according to the most recent statistics released by agencies involved, in the recent 2 years, more than 50,000 kilometers of highways were newly constructed throughout China. Highways open to traffic reached 890,000 kilometers of highways were newly constructed throughout China. Highways open to traffic reached 890,000 kilometers nationwide, an increase of more than 12 times compared to the beginning of the founding of the PRC.

As of today, except for the two counties of Motuo of Xizang and Derong of Sichuan, the other 2,000 plus counties throughout China are connected by highways. Highways have reached more than 1,670 communes where transportation was inconvenient before. In addition, some of the main lines surrounding large and medium cities and mining areas were converted into higher grade highways. A total of 27,000 kilometers were paved with asphalt and residual-oil. Following the completion of the first grade highway from Shenyang to Fushun, during the national holiday last year, the two first-grade highways from Beijing to Miyun and from Nanjing to Liuhe were open to traffic.

Our country's land is vast and there is a large portion of mountain and hilly areas. The development of highway traffic is of great significance to promoting the development of industrial and agricultural production throughout the country and realizing the four modernizations. Since the founding of the Republic, the people's government has paid special attention to construction communications. Even under the conditions of limited financial and material resources, highways were extensively constructed with emphasis in the broad villages, mountain areas, border areas, and areas where the minority nationalities reside. Of the over 53,000 communes throughout the country, more than 90 percent can be reached by highways. A highway network centered at Beijing, connecting each provincial capital and economic area, and extending to the broad villages, mining fields, and remote mountain areas has been basically built. At the same time, innovation in main highway technology has been strengthened as planned. Highway quality, quantity, and standard were continuously raised. Of the 890,000 kilometers of highways open to traffic, high grade and second high grade highways have reached 150,000 kilometers.

Following the development of highway construction, the transport network and passenger and freight stops have continuously expanded. At the present time, automobile transport service departments have been established in all counties that can be reached by highways. Communes or towns have set up stations or stops for automobile transport service. About 70 percent of the communes can be reached by passenger car. The national mileage for automobile transport has increased about 20 times over the beginning of the founding of the Republic. The volume of passenger and freight transport by automobile has increased 81 times and 96 times respectively. Highway transport volume constitutes 35 percent of the total transport volume throughout the country.

8953
CSO: 4006

TRANSPORTATION

'EXCEED-ONE-MONTH' SHIPS ELIMINATED IN EIGHT PORTS

Hong Kong ZHONGGUO XINWEN in Chinese 19 May 80 p 8

[Text] A China News Agency dispatch from Beijing reported on May 18 that since last August, the "exceed-one-month" ships have no longer appeared in the eight major foreign trade ports of Dalian, Qinhuangdao, Tianjin, Qingdao, Lianyun Port, Shanghai, Huangpu, and Zhanjiang.

Exceed-one-month ships refer to those foreign trade cargo ships which spend more than one month from the time of entering a port to leaving it, from entering a port to completion of unloading, or from loading to leaving the port. From the beginning of last year to last August, exceed-one-month ships gathered in the abovementioned ports numbered 105. Last year, the sailing date damages that our country paid for equalled the funds required to build four 10,000-ton ports.

The elimination of the exceed-one-month ships is the result of the joint effort of the communications, railway, and foreign trade departments with the assistance of the provinces and cities involved to work together and to speed up dredging of the ports. All coastal ports have strengthened the dispatch and command of the ships and strive to start work early and work more. To those ships that anchored longer and would probably exceed a month, the ports organized forces to help and arrange operations. At the present time, our sea ports have few deepwater berths and sealanes are not suitable. There are difficulties in accommodating bulk cargo ships of large tonnage. Last year, in order to solve this problem, a 100,000-ton bulk cargo ship was converted to barge deck. Part of the cargo in that large tonnage bulk cargo ship was unloaded on the barge deck or loaded onto other ships. After the cargo was reduced, larger ships could directly sail into their related ports. In the first quarter of this year there were 30 ship runs with 350,000 tons of cargo barged through this ship.

8953
CSO: 4006

TRANSPORTATION

SYMPOSIUM ON CONTAINERIZED SHIPPING HELD IN SHANGHAI

Shanghai JIEFANG RIBAO in Chinese 11 Jun 80 p 1

[Article by Dong Wenjun [5516 5113 0193] and Wang Xiaolin [3769 1420 2651]: "First China Containerized Shipping Symposium Held in Shanghai"]

[Text] In order to speedily develop our containerized shipping, the Ministry of Transportation held the First All China Containerized Shipping Symposium on June 3-9 in Shanghai. The symposium was attended by Deputy Minister of Transportation Li Weizhong [2621 4850 0022], who also made the summation speech.

The symposium first reflected upon national and foreign conditions in containerized shipping. This is a modernized form of shipping which rapidly developed throughout the world in the past 20 years. By 1978, 227 ports in 57 countries throughout the world had developed containerized shipping services and the number of berths handling containerized shipping has reached 1,247. The five ports of New York, Rotterdam, Kobe, Hong Kong and San Juan are capable of handling over one million containers annually. Over 50 ports are capable of handling over 100,000 containers annually. China began containerized shipping in 1972, and to date Shanghai, Tianjin, Qingdao and Huangpu provide this shipping service. Last year, these four ports together handled a total of 32,766 containers, more than double that of 1978 and a pleasing step forward in the development of our containerized shipping. Nonetheless, considering the demands of the four modernizations and foreign trade development as well as the momentum of the rapid development of containerized shipping in all countries of the world, our present containerized shipping, whether in scope of construction, technological setup or level of management, is not suitable to a country the size of China.

Regarding this problem, the symposium emphasized exchanging management experience in containerized shipping, looked at the future trends in containerized shipping, studied future management and administration policies, rules and service regulations for containerized shipping, and discussed present problems requiring urgent solutions. Responsible people from over 20 units concerned with this special service attended the symposium. These units included the ports of Tianjin, Dalian, Qingdao, Shanghai, Huangpu as well as overseas shipping, foreign ship representatives and railway transportation units.

In accordance with China's special features and present conditions, this symposium decided upon a 16 character--four point management and administration policy of "unified leadership, separate management, specialized administration and mutual coordination." The Ministry of Transportation Containerized Shipping Corporation will provide unified leadership and organization for our international and national containerized and organized shipping efforts. To accelerate the new construction and enlargement of our containerized wharves, by 1985 Tianjin, Shanghai, Huangpu, Dalian and Qingdao will set up 10 special container-only berths, capable of handling up to 700,000 containers annually. At the same time, they will install a set of high efficiency, modernized special machines and special equipment and also quickly institute specialized management. The symposium studied and made decisions regarding management of containerized shipping services, the establishment of a system of regulations and the training of specialized personnel.

11582
CSO: 4006

TRANSPORATION

BRIEFS

ANHUI FLOODED HIGHWAYS REPAIR--Successive torrential rains since mid-June have caused flood damages to 67 arterial and feeder highways in Anhui Province. With the 430,000 yuan appropriated so far by the province, the emergency repair teams organized by the highway departments in various localities have already repaired more than 40 highways, thereby guaranteeing free traffic over the province's main highways. The highway departments in conjunction with the local communes and brigades and the various fraternal units have formed flood control groups, instituted a 24-hour watch and taken other measures to carry out road repairs and prevent further flood damages. [OW221225 Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 Jul 80]

BEIJING RUSH HOUR TRANSPORTATION--Beijing, 21 Jul--Beijing's municipal bus service, which carries more than 6 million passengers a day, has improved its morning and evening rush-hour service to the point that there is an interval of only 84 seconds between buses and trolleys on major routes. Li Hongmao, chief dispatcher of the Beijing municipal general public transport company, said in an interview with XINHUA that further efforts were being made to improve service and reduce crowding, which is particularly severe between 7 and 8 am and 5 and 6 pm. "Although our company now has some 2,900 buses and trolleys, doubling that in 1965," Li said, "it is still a difficult job for us to get through the rush hours." "But we are still handicapped by the road conditions in the city," the chief dispatcher continued. "About 100 buses and four bus routes are scheduled to be increased this year in Beijing when more roads and over-passes are built or widened." [OW211323 Beijing XINHUA in English 0746 GMT 21 Jul 80]

QINGHAI HYDROGEOLOGIC SURVEY--After 5 years of hard work, Chinese scientists have collected much data on the hydrogeological conditions of the vast frozen land along the Qinghai-Xizang railway. This data will facilitate the construction of the railway, part of which will be laid on permanently frozen land. The Qinghai-Xizang railway is over 2,000 kilometers long. The 800-kilometer section from Xining to Golmud was completed last year. Most of the remaining 1,200 kilometers from Lhasa to Golmud lies more than 4,000 meters above sea level. [OW231519 Xining Qinghai Provincial Service in Mandarin 1100 GMT 22 Jul 80]

SHANGHAI PASSENGER SHIP TERMINAL--A ceremony marking the start of a project to rebuild the Shiliupu passenger ship terminal was held on 15 July by the general passenger transport station of the Shanghai Harbor Bureau. (Li Weizhong), vice communications minister, cut the ribbon. Shipliupu, a 103-year-old wharf, will take on an entirely new look when the 2-year project is completed. The terminal will be able to accommodate six passenger ships at a time. [Shanghai City Service in Mandarin 1130 GMT 15 Jul 80 OW]

SHANXI PLA RAILROADS CONSTRUCTION--Taiyuan, 25 Jul--Commanders and fighters of the PLA railways engineering corps are putting finishing touches on a railroad between Taiyuan and Zhenchengdi in the Gujiao mining district. In the Datong area, the railway engineering corps is building a railroad for exclusive use by the Qingciyao coal mine. At present, the corps is building six coal mine railroads with coal loading stations. [Beijing XINHUA Domestic Service in Chinese 0116 GMT 25 Jul 80 OW]

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